

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS**

July 1, 2014 to June 30, 2015

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**Craig Wilford, Superintendent
Heather Bohaty, Asst. Superintendent, Human Resources
Charlene Laramore, Asst. Superintendent, Curriculum & Instruction**

Prepared by District Administration

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INTRODUCTORY SECTION



December 18, 2015

To the Citizens of Unified School District No. 260:

This publication is a Comprehensive Annual Financial Report for Unified School District No. 260 (District) for the fiscal year ended June 30, 2015. Generally Accepted Accounting Principles require that these financial statements present the District (the primary government) and its component units. A component unit is a separate entity for which the District is financially accountable or the nature and significance of the relationship between the District and entity are such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has determined that the Derby Recreation Commission meets the criteria of a component unit and the financial data of the Derby Recreation Commission is included in the financial statements as a discretely presented component unit. The report has been prepared by the District administrative team to provide financial information, useful for making economic, political and social decisions and for demonstrating accountability and stewardship. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District administrative team.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Included in the report are all disclosures necessary to enable the reader to gain an understanding of the District's financial activities. Constituents who may find this report useful include voters, taxpayers, service beneficiaries, governing boards, oversight bodies, management, intergovernmental guarantors, investors, lenders and employees.

George, Bowerman and Noel, P.A., Certified Public Accountants, have issued an unmodified opinion on the District's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the Financial Section of this report.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors in the Financial Section of this report.

Profile of the District

The District is a diversified educational institution with about 7,000 students located in southern Sedgwick County. With a population of approximately 45,000 patrons, the District enjoys economic benefits and challenges of a large metropolitan area while maintaining a quality of life found in smaller cities. The 50 square miles of the District substantially covers all of the City of Derby and beyond the city limits into large portions of Sedgwick County, including the Oaklawn/Sunview area, McConnell Air Force Base, Towne Parc, Turtle Run, Rockford and Salem Townships. Mid Western Aircraft Systems, Inc., and Spirit AeroSystems, Inc. are the largest taxpayers located within the District's boundaries. The student population of the school district is expected to increase by about thirty students per year for the foreseeable future.

The District provides a full range of educational services. These services include educational programs for grades PreK-12, Special Education, Title 1 reading and math programs, professional development activities for educators, testing programs, extra- and co-curricular activities, transportation, food services,

maintenance and custodial services and general administrative services. The District also regulates community use of school facilities, which totaled 10,395 hours last year.

The District operates under a seven-member Board of Education (Board) that is elected to four-year terms on an at-large basis. The Board hires the Superintendent who appoints the remainder of the management team. All contracts and expenditures must be approved by the Board.

The District has twelve school buildings. Seven of the buildings are at least 50 years old including four of the nine elementary schools. The high school, the largest building in the District at 350,000 square feet, is twenty-one years old. The District has five buildings which are used for educational support functions.

The local economy

The District is the largest employer in the City of Derby, employing approximately 1,150 individuals. The City of Derby has experienced consistent growth during the past ten years. While the growth in the area has slowed over the past few years, the area continues to show population growth along with many new businesses that have chosen to locate in the city.

The economic condition and outlook of the District is ever changing. The District is located in the Wichita, Kansas Metropolitan Statistical Area (WMSA). In general, the local economy has been slower to recover in the WMSA than the national economy. Local employment has remained improved somewhat in the WMSA in terms of unemployment. The WMSA housing market continues to be slower than other parts of the Midwest. State revenues continually fall short of projections and have hindered the state's economic recovery. The aircraft industry has not shown much growth in recent years. Layoffs continue to have a negative impact on other areas of the local economy.

McConnell Air Force Base is one of the few major air refueling wings in the United States Air Force. Since McConnell is located within the District's boundaries, we continually adjust to the changing enrollment demands that mobile communities create for local school districts. Changes in staffing have added families to the local area as jobs are moved from other bases around the country. This pattern is expected to continue over the next few years as a new tanker program is based at McConnell for the Air Force and Kansas Air National Guard.

New businesses continue to open their doors each year in the Derby community with several dining establishments and retail stores opening by the end of 2015. New shopping areas continue to develop and expectations are that this trend will continue. All of these are in addition to new residential developments and senior living communities that continue to expand in virtually all geographic areas of the District.

The Legislature

Kansas school districts fall into three distinct enrollment categories, each one educating about one-third of the state's student population. Kansas has a uniform base budget per pupil and a uniform statewide mill levy. The District is considered a medium-size school district, and state correlation weighting formulas favor the small districts. In an effort to offset the cuts made to school funding at the state level, many districts raised their operating funds through a Local Option Budget (LOB) resolution. The LOB allowed districts to levy local taxes up to 30% of their legal maximum general fund budget. Changes in the law for 2014-15 allowed districts to seek voter approval to increase the percentage above the 30% cap. The district chose not to pursue any increases for this year.

The 1997 State Legislature made significant changes in the LOB process. For the first time, school boards were able to adopt a portion of LOB authority without being subject to a protest petition. In districts where the per pupil budget is below the average of similar-sized districts – like Derby – boards are allowed to adopt LOBs that would allow them to spend at the average without that increase being subject to a protest petition. The District's LOB authority for the 2014-15 school year was at the 30% maximum, which amounted to \$12,767,588.

The economic downturn forced the Governor and the State Legislature to make changes in the amount of money provided to schools. A continuation of the slow economic recovery resulted in no increase in the

base budget per pupil to \$3,838. During the legislative session, the amount of state aid provided for the LOB and capital outlay funds was reduced by nearly half. As a result of the legislative actions, there are two parts of the finance formula that will be reviewed by the state supreme court during the 2015-16 school year. The first will address the state aid equity across all districts while a later ruling will address the adequacy of the funding. As a result of these court cases and the reduced state revenue, the legislature passed a new funding bill that will pay through a block grant system during the FY16 and FY17 school years. Under the block grant bill, the district will receive the same funding amount for the next two years that was received in the 2014-15 school year except for increases due to new facilities that have been completed through the 2012 bond issue.

The enrollment for the District increased slightly for 2014-15. The full-time equivalency (FTE) student enrollment that the budget is computed on increased by about 80 FTE. Projections show that the enrollment should continue to show slight increases over the next few years. The total District budget authority for 2014-15 is \$86,215,506. At this time, the District has not projected additional financing needs above the annual budget approved by the Board of Education.

In April 2012 the voters of the District approved a \$66.7 million bond issue by a three to one margin. The bond projects include a new 6-8 grade middle school, additions to the current middle school (making it a 6-8 grade center also) and four elementary schools, a new central kitchen facility, and new roofs at ten school buildings. A number of projects to be funded by Capital Outlay funds were also approved by the Board of Education. The majority of these projects have been completed as of June 30, 2015 with the new middle school and central kitchen scheduled to open for the new school year.

Relevant financial policies

The administrative team of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition to internal accounting controls, the District maintains budgetary controls. The District's budget is prepared on the modified accrual basis of accounting further modified by encumbrances. The Superintendent and the Board evaluate the budget proposals of the various District organizations to determine the funding level of the operating and public service programs. After giving due consideration to the input received from the citizens, the Board adopts the budget. The adopted budget thus becomes a document that places before the people of the District a clear and precise picture of the cost of public services which will be provided. The budget is appropriately controlled through an on-line accounting system to assure effective fiscal management and accountability. Management may amend the amount of a specific object or purpose appropriation without obtaining authorization from the Board of Education provided the amendments or transfers do not create a total budgeted expenditure amount for a specific fund in excess of that amount adopted by the Board of Education.

Major initiatives

During the 2011-2012 school year, the District adopted a third strategic plan to guide the District actions for the subsequent five years. We feel that we followed the previous plans and were able to meet the vast majority of the action plans set forth within them. This new plan has five strategies along with specific results and action plans that were developed by teachers, administrators, patrons and community members.

The Curriculum Committee developed a document for all staff which outlines effective teaching strategies, responsibilities for administrators and teachers, and expectations for the delivery of the curriculum. The model, Marzano's Instructional Strategies, is being used to guide instructional practices. Staff members are provided inservice time throughout the year on these instructional strategies.

Our technology committee, working closely with our instructional coordinators, continues to integrate technology into our curriculum maps. This idea was based on feedback we received from staff on their level of technology proficiency and their desire to have samples of ways we can integrate technology into our curriculum maps. These strategies are shared with staff during grade level or department meetings conducted by our instructional coordinators. This technology allows teachers another tool in meeting the needs of our students.

As we continue to look for ways to build partnerships within our diverse community we have taken several specific steps to address this strategy. We provide new teacher training dealing with diversity through readings and discussion. In addition, we have asked each building to contact key community members and invite them into the schools so they have a better understanding of the needs and challenges which occur each day within our buildings. We have also made contacts with various community, state, and federal organizations in order to build partnerships between them and the District.

USD 260 will continue to collect assessment data and share it with students, parents and the community. Articles were published in the District newsletter throughout the 2014-2015 school year sharing assessment results and plans of action to improve student performance. Software has also been purchased to record data for easier access by teachers to help guide instruction. Follow up information on graduated seniors was also collected to determine what activities they are involved in after graduation. Each spring we also produce a year in review document identifying information about programs, staff, and assessments.

Long-Term Financial Planning

The District continues to follow the long-term planning process to fully address needed building improvements. The entire process has been identified as the "Process for Success." The completed master plan has identified the needed improvements into three categories – (1) priority needs; (2) short-term needs and (3) long-term needs. Financial resources for the planned projects will be financed through general obligation bonds and resources available through the District's Capital Outlay Fund. The "priority needs" portion of this master plan identified \$66,640,000 of improvements including a new middle school, a new central kitchen facility, roof replacements on numerous buildings and improvements to elementary, middle and high school facilities. As previously mentioned, voters within the District approved a bond election in April 2012.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Unified School District No. 260, Derby, Kansas for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The certificate is presented following this letter.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff. Each member of the USD 260 staff who assisted and contributed to its preparation has our sincere appreciation. We also thank the USD 260 BOE members for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Sincerely,


Craig Wilford, Superintendent


Don Adkisson, Treasurer


Litona Hoyt, Clerk

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Derby Unified School District No. 260

Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

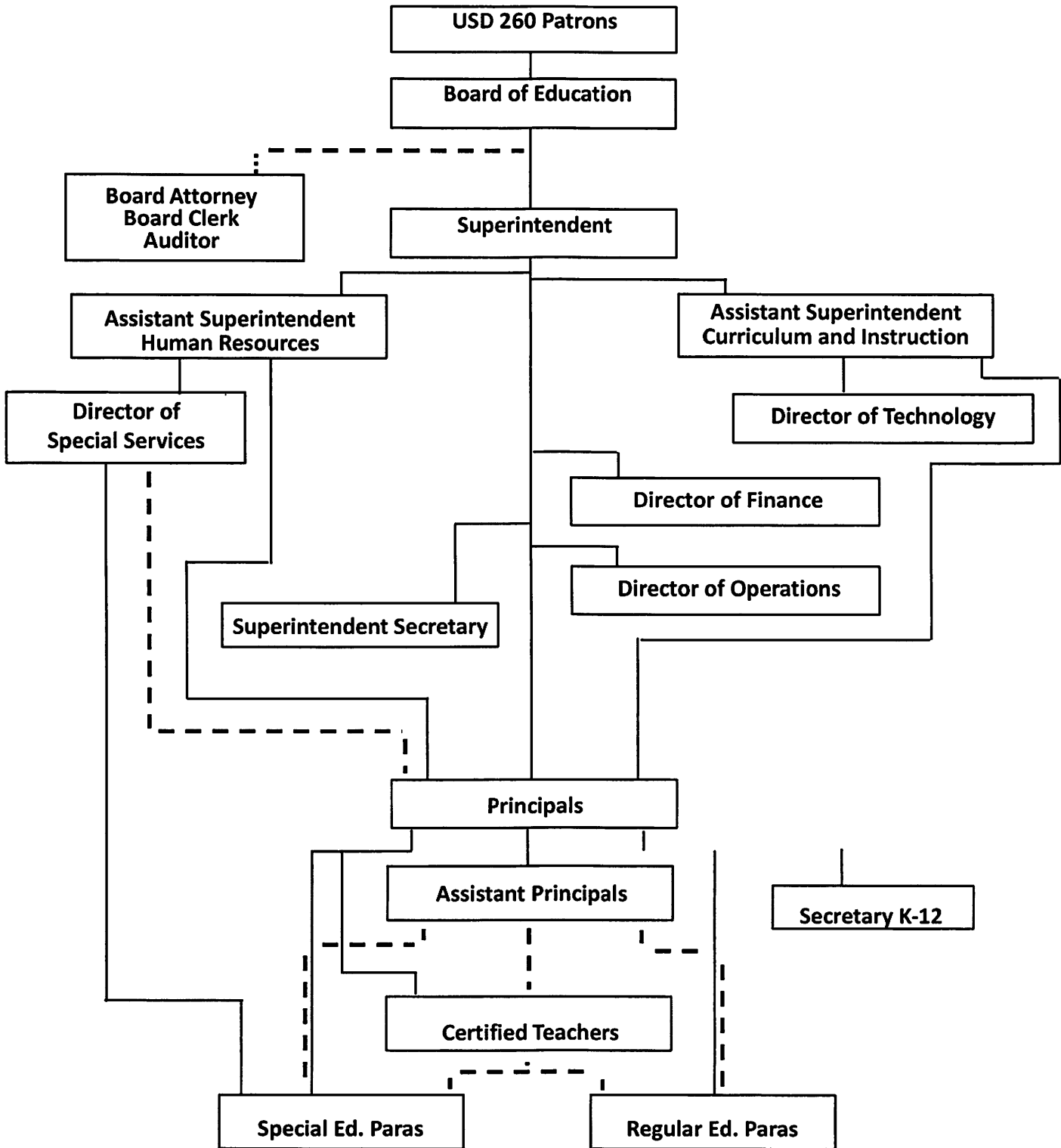
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Unified School District No. 260, Kansas for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. USD 260 has received a Certificate of Achievement for the last twenty-seven consecutive years (fiscal years 1984-2014). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

DERBY USD 260 DISTRICT ORGANIZATIONAL CHART 2014-2015



LEGEND

Primary Supervisor ———
Auxiliary Supervisor - - -

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
LIST OF PRINCIPAL OFFICIALS

June 30, 2015

<u>Title</u>	<u>Name</u>
School Board President	Matthew Joyce
School Board Vice President	Tom Ostrander
School Board Member	Matt Hoag
School Board Member	Jose' Martinez
School Board Member	Carolyn Muehring
School Board Member	Andree Sisco
School Board Member	Janet Sprecker
Superintendent	Craig Wilford
Asst. Supt. Human Resources	Heather Bohaty
Asst. Supt. Curriculum & Instruction	Charlene Laramore
Director of Budget & Finance/Treasurer	Don Adkisson
Director of Operations	Tom Snodgrass
Director of Special Services	Vince Evans
Director of Technology	Kevin Lyerla
Board Clerk	Litona Hoyt

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Education
Derby Unified School District No. 260
Derby, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Derby Unified School District No. 260 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. The financial statements of the Derby Recreation Commission (component unit) were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Derby Unified School District No. 260, Derby, Kansas, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the General and Special Education Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America

Change in Accounting Principle

As discussed in Notes 1 and 7 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Derby Unified School District No. 260's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the

introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of Derby Unified School District No. 260's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Derby Unified School District No. 260's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "George Bowerman & Noel, P.A." The signature is written in a cursive, flowing style.

Wichita, Kansas
December 18, 2015

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Unified School District No. 260, Derby, Kansas
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

This discussion and analysis of the Derby Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The trends of prior years indicated that during the fiscal year 2014-2015, the Derby Unified School District would experience another year of increases in the cost for special education instruction and for both at-risk and English Language Learner student populations. The District continues to rely upon the Local Option Budget (LOB) to provide funding for these increases. No increases in the base funding from the State of Kansas continues to force the District to make reductions in staff and instructional programs.

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This comprehensive annual financial report consists of management's discussion and analysis, the basic financial statements and required supplementary information. These statements are organized so the reader can understand the District as a whole, an entire operating entity. The basic financial statements include two kinds of statements that present different views of the District. The first series of statements are the district-wide financial statements. The second kind of financial statements are the fund financial statements.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

District-Wide Financial Statements

The district-wide financial statements include all assets and liabilities of the District using the accrual basis of accounting. This method of accounting is similar to how private sector companies report the results of their operations. These statements take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The first of the district-wide statements is the Statement of Net Position. The Statement of Net Position presents balance information for the entire District operations at a given point in time (June 30, 2015). The assets include all cash and investments, receivables including taxes assessed that remain uncollected and capital assets reduced by accumulated depreciation. Liabilities include accounts payable, claims payable and outstanding general obligation and other long-term debt. This results in a statement that encompasses the entire operations of the Derby Unified School District.

Although the Statement of Net Position reports total net position of \$6.1 million deficit, the District has restrictions over the use of these funds. The investment in facilities and equipment is necessary to carry out the mission of the District. Kansas state laws segregate funds and place restrictions on spending. This should be considered when reviewing the report. The total net position deficit is the result of the implementation of GASB statements No. 68 and No. 71, which required the District to record unfunded pension liabilities of \$46,326,026 at June 30, 2015.

The second of the district-wide financial statements is the Statement of Activities. This statement shows the results of operations that caused the net position to change from the prior year to the amount reported on the Statement of Net Position as of June 30, 2015. This statement answers the question, "How did we do financially during fiscal year 2015?" This change in net position is important because it tells the reader that, for the school district as a whole, the financial position has improved or diminished. The statement for 2015 indicates an increase in the District's financial position. The reduction in the unfunded KPERS pension liability of \$9,123,109 greatly contributed to this increase. In addition, causes of this change may be the result of many factors. Most notably, the results are influenced by:

- ◆ the property tax base,
- ◆ operating expenditure limits imposed by Kansas law,
- ◆ building improvements,
- ◆ number of students served, and
- ◆ staff levels.

The Statement of Activities classifies expenses by functional area. The report also shows corresponding charges for services and restricted grants for each function that helps support the expenses. The resulting Net (Expenses) Revenue and Changes in Net Position shows the remaining expenses not supported by charges for services and restricted grants. General revenues are then applied to the remaining expenses resulting in the total change in net position for the year.

REPORTING THE SCHOOL DISTRICT'S MAJOR FUNDS

Fund Financial Statements

Financial statements by fund follow the district-wide statements. These statements provide more detail about the District according to the various funds established under Kansas law. The major funds are listed separately with all non-major funds aggregated in the column labeled "Other Governmental Funds." As shown on the reconciliations on pages 23 and 25, the fund statements differ from the district-wide statements (Statement of Net Position and Statement of Activities) by excluding the following:

- ◆ cost of capital assets less accumulated depreciation, and
- ◆ long-term liabilities.

The District's two kinds of funds are governmental and fiduciary funds.

Governmental Funds

Most of the District's activities are reported in the governmental funds, which focus on 1) how cash and other financial assets, that can be readily converted to cash, flow in and out and 2) the balances left at year end that are available for spending. The statements show revenue, expenditures and fund balances for each listed fund.

The fund classifications provide additional information about the entity. The General and Special Education funds encompass the major operating funds. The Debt Service fund is used to pay outstanding general obligation bonds and related interest charges as they become due. The Capital Outlay fund is the primary source for the purchase of furniture, equipment and for major repairs and improvements to buildings and grounds. The Bond Project Fund accounts for the resources related to the 2012 and 2014 bond issues to construct and improve District facilities.

Fiduciary Funds

The District's fiduciary funds are comprised of agency funds. Agency funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds include student activity monies at the various schools. The District's agency funds are reported on the Statement of Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position (deficit) was \$(6,107,193) on June 30, 2015.

DERBY UNIFIED SCHOOL DISTRICT NO. 260'S NET POSITION

	2015	2014	Change Increase (Decrease)
Current and other assets	\$ 30,422,749	\$ 62,987,267	\$ (32,564,518)
Capital assets, net	<u>98,492,494</u>	<u>68,656,724</u>	<u>29,835,770</u>
Total assets	<u>128,915,243</u>	<u>131,643,991</u>	<u>(2,728,748)</u>
Deferred outflows of resources	<u>9,142,649</u>	<u>---</u>	<u>9,142,649</u>
Total assets and deferred outflows of resources	<u>138,057,892</u>	<u>131,643,991</u>	<u>6,413,901</u>
Long-term liabilities	128,517,366	138,306,547	(9,789,181)
Other liabilities	<u>6,085,134</u>	<u>6,916,324</u>	<u>(831,190)</u>
Total liabilities	<u>134,602,500</u>	<u>145,222,871</u>	<u>(10,620,371)</u>
Deferred inflows of resources	<u>9,562,585</u>	<u>1,772,459</u>	<u>7,790,126</u>
Total liabilities and deferred inflows of resources	<u>144,165,085</u>	<u>146,995,330</u>	<u>(2,830,245)</u>
Net position:			
Net investment in capital assets	39,027,456	40,266,732	(1,239,276)
Restricted for debt service	4,035,190	3,497,704	537,486
Restricted for educational purposes	9,996,247	1,309,607	8,686,640
Unrestricted	<u>(59,166,086)</u>	<u>(60,425,382)</u>	<u>1,259,296</u>
Total net position (deficit)	<u>\$(6,107,193)</u>	<u>\$(15,351,339)</u>	<u>\$ 9,244,146</u>

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are amounts set aside by constraints placed on resources by creditors, grantors, laws or regulations, or enabling legislation. The unrestricted deficit is the result of recording unfunded KPERS pension liabilities attributed to the District's proportionate share of that unfunded pension liability.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are grants and entitlements provided to the District and local property taxes assessed to community taxpayers. A condensed summary of the changes in the District's net position for the year ended June 30, 2015, with comparative amounts for 2014, is as follows:

DERBY UNIFIED SCHOOL DISTRICT No. 260'S CHANGES IN NET POSITION

	<u>2015</u>	<u>2014</u>	<u>Change Increase (Decrease)</u>
Revenues:			
Charges for services	\$ 2,670,645	\$ 2,825,723	\$ (155,078)
Operating grants and contributions	12,711,896	15,790,525	(3,078,629)
Capital grants and contributions	122,948	---	122,948
General revenues:			
Property taxes levied for:			
General purposes	9,700,407	18,520,372	(8,819,965)
Debt service	3,384,849	3,287,031	97,818
Capital outlay	2,566,778	2,551,930	14,848
Grants and entitlements not restricted to specific programs	40,868,543	28,675,797	12,192,746
Investment earnings	57,855	263,941	(206,086)
Total revenues	<u>72,083,921</u>	<u>71,915,319</u>	<u>168,602</u>
Expenses:			
Instruction	38,743,590	43,209,151	(4,465,561)
Student support services	1,736,163	3,935,280	(2,199,117)
Instructional support services	1,598,306	2,177,544	(579,238)
General administration	811,350	1,135,450	(324,100)
School administration	2,452,295	3,000,687	(548,392)
Operations and maintenance	7,340,050	5,972,752	1,367,298
Central support services	718,140	1,182,908	(464,768)
Student transportation services	1,171,892	1,239,101	(67,209)
Food service operations	2,845,582	2,992,931	(147,349)
Community service operations	142,172	127,268	14,904
Recreation	2,994,068	2,978,234	15,834
Interest on long-term debt	2,286,167	2,296,571	(10,404)
Total expenses	<u>62,839,775</u>	<u>70,247,877</u>	<u>(7,408,102)</u>
Increase in net position	<u>9,244,146</u>	<u>1,667,442</u>	<u>7,576,704</u>
Net position (deficit) at July 1			
As previously reported	(15,351,339)	38,512,647	(53,863,986)
Adjustment for unfunded pension liabilities	---	(55,531,428)	55,531,428
As restated	<u>(15,351,339)</u>	<u>(17,018,781)</u>	<u>1,667,442</u>
Net position (deficit) at June 30	<u>\$ (6,107,193)</u>	<u>\$ (15,351,339)</u>	<u>\$ 9,244,146</u>

The District's total revenues amounted to \$72.1 million with unrestricted grants and entitlements contributing 56.7%, property taxes contributing 21.7%, operating grants and contributions contributing 17.6% and all other revenue sources contributing the remaining 4.0% of revenues. The most significant changes from the preceding year include:

- ◆ Grants and entitlements not restricted to specific programs increased \$12,192,746 due to changes made in the state finance formula regarding accounting for tax revenue. For 2015 the tax levy for the General Fund is distributed to the State of Kansas by the County Treasurer and then returned to the District in the form of state aid through the state finance formula.

- ◆ Operating grants and contributions decreased by \$3,078,629 as a result of State of Kansas decreases in aid provided to school districts.
- ◆ Capital grants and contributions increased by \$122,948 as a result of capital grants received for the Derby North Middle School solar energy project.
- ◆ Property taxes decreased by \$8,707,299 for 2015 with the majority of the decrease being the result of changes in the state finance formula. The District's total mill levy decreased from 60.083 to 56.294.

Total expenses for the District decreased by \$7,408,102, or 10.5% for 2015. Total salaries and benefits account for approximately 82% of total expenses for the District. Major expense changes compared to 2014 are as follows:

- ◆ Instruction functional expenses decreased by \$4,465,561, or 10.3%, for 2015. Teacher salaries account for a significant portion of this expense classification, the average annual teacher's salary for fiscal year 2015 reflected a increase of approximately 2.4% as a result salary negotiations. Money was added to the master cell, movement of ½ step for all staff, and column movement given to certified staff that completed their Masters degree. Due to per pupil state aid remaining constant, all other instructional expenses incurred reductions in order that the district could increase salaries. Other significant increases in this functional area can be attributed to decreases in depreciation expense of \$32,528, accrued compensated absence liabilities of \$115,679 and early retirement benefits liability of \$509,101. In addition, the unfunded pension liability related to this functional area decreased \$6,677,790.
- ◆ Student and instructional support expenses decreased \$2,778,355, or 45.5%, for 2015. This decrease can also be attributed to decreases in depreciation expense, accrued compensated liabilities, early retirement benefits and unfunded pension liabilities which comprise \$1,812,956 of the total decrease. To provide funding for salaries and benefits continued constraints on materials and supply purchases were continued for 2015.
- ◆ Operations and maintenance expenses increased by \$1,367,298, or 22.9%, for 2015. As the district continued work on projects funded from the approved bond issue, many additional anticipated maintenance expenses were incurred.
- ◆ Food Service operations showed a decrease in expenses of \$147,349 which is directly related to the number of meals served.
- ◆ Recreation functional expenses increased \$15,834 representing increased appropriations to the Derby Recreation Commission, which were anticipated in the annual budgeting process.
- ◆ Interest on long-term debt decreased \$10,404 due to lower balances related to the bond issue from July 2012.
- ◆ All other functional categories account for the remaining \$1,389,565 of the total expense decrease for 2015.

DISTRICT FUNDS

As the District completed the year, its governmental funds reported combined fund balances of \$24.2 million. This decrease of \$30.1 million is directly related to the \$32.8 million in expenditures incurred during 2015 related to the ongoing completion of construction projects funded from the 2012 and 2014 general obligation bond issues. The General and Special Education funds are the primary sources of operating revenues for the District. These funds account for \$45.6 million or 63.2% of the total revenues.

The Debt Service fund represents 6.4% of the total with the remaining 30.4% in other governmental funds.

General Fund

The General Fund is the primary operating fund of the District and funding is provided principally from state aid and property taxes. The ending fund balance of \$1,751,843 is principally comprised of Supplemental General (LOB) and Contingency Reserve balances of \$172,040 and \$1,384,473 respectively. The fund balance for the General Fund decreased by \$204,779 for 2015, compared to \$912,159 for 2014. Revenues for state aid increased primarily due to the change in the state aid formula for property taxes levied for the General Fund, which resulted in a decrease of property taxes for the General Fund. The total net decrease for these two revenue sources was \$443,016 for 2015. Student fees and other reimbursements received by the General Fund decreased by \$120,301 resulting in a total decrease in General Fund revenues of \$563,317, or about 1.6%. Expenditures decreased \$2,574,672 with the General Fund, Supplemental General Fund and Contingency Reserve Funds comprising \$711,082, \$1,330,876 and \$547,436, respectively, of that total decrease. General Fund and Supplemental General Fund expenditures are limited as determined by the Kansas State Department of Education.

Special Education Fund

The Special Education Fund expenditures increased by \$83,344, or approximately 0.9%, as a result of services provided to the student population requiring these services. The ending fund balance of \$1,137,632 exceeded the anticipated budget carryover (\$1,123,850) into fiscal year 2016.

Debt Service Fund

The Debt Service restricted fund balance of \$4.0 million is available only to pay the bond and interest payment in October 2015. The mill levy for the fund varies according to the payment schedule for the outstanding bonds.

Capital Outlay Fund

Capital Outlay Fund expenditures exceeded revenues by \$1,870,984, with an ending balance of \$5.1 million primarily for projects related to facility improvement, utility equipment updates, and technology purchases for student learning opportunities.

Kansas Statutes require the use of a multitude of funds. Many of these funds do not have sufficient resources to pay the expenditures in the fund and therefore transfers must be made from other funds. Typically these transfers are made from the General fund. The following table categorizes the funds to simplify the analysis:

DERBY UNIFIED SCHOOL DISTRICT NO. 260
Governmental Funds Revenues, Expenditures, Transfers and Fund Balances
Year ended June 30, 2015

Fund	Revenue and Other Sources	Expenditures and Other Uses	Ending Fund Balance
General	\$ 35,635,970	\$ 35,840,749	\$ 1,751,843
Bilingual education	1,242,093	1,092,120	386,855
Special education	9,939,346	9,615,157	1,137,632
Vocational education	1,317,187	1,083,998	339,817
Textbook revolving	588,650	458,716	371,757
KPERS Special Contribution	3,550,513	3,550,513	---
At Risk education	4,213,932	4,063,932	450,000

Fund	Revenue and Other Sources	Expenditures and Other Uses	Ending Fund Balance
Federal and state grants	\$ 1,261,164	\$ 1,348,315	\$ 79,352
Total basic education	57,748,855	57,053,500	4,157,256
Driver training	31,988	24,324	28,662
Parent education	244,382	244,382	---
Athletic and Activity	125,632	124,819	825
Total expanded education	402,002	393,525	29,487
Capital outlay	6,732,277	5,262,969	5,058,845
Debt service	4,605,148	4,067,662	4,035,190
Special assessments	75,908	68,599	58,135
Bond projects	45,827	32,842,925	9,662,199
Capital projects	122,948	251,112	---
Total capital	11,582,108	42,493,267	18,814,369
Recreation	2,994,068	2,994,068	---
Food service	2,997,180	2,935,869	810,946
Total	\$ 75,724,213	\$ 105,870,229	\$ 24,172,058

Overall, expenditures exceeded total revenue, leaving an ending fund balance of \$24.2 million. An analysis of the above table categories follows:

- ◆ Basic education revenue exceeded expenditures by \$695,355 due to changes in the district's enrollment. The General fund is subject to an expenditure limit that may be exceeded to the amount of these contributions. The limit is based upon a weighted number of students multiplied by the base state aid per pupil provided in the law. The number of students includes those who are enrolled and attending school on September 20. Additional weighting is provided for students receiving bilingual, vocational, at-risk or transportation services. Other weightings also apply, but are not discussed here in the interest of brevity. The District has no ability to increase the resources in the general and supplemental general funds to cover inflationary increases in costs without annual changes in the statutory base aid per pupil.

Any balance remaining in the General fund is used to support the subsequent year limit. Therefore, a remaining balance in this fund should not be considered as additional resources available to the District in excess of the expenditure limits. The General fund ending fund balance represents \$1.8 million (38.7%) of the basic education fund balances of \$4.5 million.

- ◆ The revenues for Expanded education funds exceeded expenditures by \$8,477 leaving a balance of \$29,487 at June 30, 2015. The Driver Training fund represents 97.2% of the total as the District has collected more in student fees than has been used for expenditures. Fees for driver training are set by the Board of Education.

Analysis of Budget Variations

Following the funding formula for schools in the State of Kansas, the District used the General fund to account for operating expenditures. The following table summarizes the budget variances in revenues (in millions of dollars) for the fund:

	Original Budget	Final Budget	Increase/ (Decrease)	Actual Revenues	Over/(Under) Final Budget
General	\$ 37.8	\$ 37.2	(\$ 0.6)	\$ 37.2	\$ ---

The final budget decreased \$0.6 million from the original budget. The decrease was from a decrease in general state aid from what was anticipated in the originally adopted budget.

The following table summarizes the budget variances in expenditures (in millions of dollars):

	Original Budget	Final Budget	Increase/ (Decrease)	Actual Expenditures	Over/(Under) Final Budget
General	\$ 37.8	\$ 37.2	(\$ 0.6)	\$ 37.2	\$ ---

The decrease in the budgeted expenditures in the General Fund was to account for the actual decrease in general state aid from what was anticipated in the original budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2015, the District had invested \$98.5 million in a broad range of capital assets, including school buildings, athletic facilities, computer equipment, and administrative offices. This amount represents a net increase of about \$29.8 million from the preceding year. The increase was the net result of construction projects completed and started during the year. Total depreciation expense for the year approximated \$3.6 million.

Capital Assets (Net of depreciation)

	Assets as of June 30, 2015
Land	\$ 3,826,936
Construction work in progress	48,159,068
Buildings and improvements	36,546,722
Furniture and equipment	9,959,768
	<u>\$ 98,492,494</u>

Long-term Debt

Kansas statutes limit the amount of outstanding indebtedness. The current limit is approximately \$71.1 million and the District has \$63.5 million outstanding (subject to the debt limit) at June 30, 2015. The district received approval from the State Board of Education to exceed the debt limit with the new bonds. The increase reflects the changes from the district's bond issue passed in April 2012. See the Notes to the Financial Statements for detailed information about capital assets (Note 3) and long-term debt (Note 4).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Unified School District No. 260, 120 E. Washington, Derby, Kansas 67037.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

STATEMENT OF NET POSITION

June 30, 2015

	Total Governmental <u>Activities</u>	Component <u>Unit</u>
Cash and investments	\$ 25,940,238	\$ 3,683,894
Receivables:		
Property taxes	357,183	-
Lease rentals	747,186	-
Other	30,737	22,643
Accrued interest	28,276	-
Due from other governmental units	2,844,593	-
Prepaid expenses	474,536	-
Capital assets:		
Land	3,826,936	-
Buildings and improvements	74,447,194	9,161,454
Furniture and equipment	18,076,946	2,086,386
Construction work in progress	48,159,068	-
Less accumulated depreciation	<u>(46,017,650)</u>	<u>(3,432,954)</u>
Total assets	<u>128,915,243</u>	<u>11,521,423</u>
Deferred outflows of resources:		
Deferred outflows of resources related to pensions	<u>9,142,649</u>	<u>155,860</u>
Liabilities:		
Accrued salaries and wages payable	1,881,483	94,275
Accounts payable	2,790,303	167,192
Accrued liabilities payable	-	13,414
Accrued interest payable	666,162	7,827
Deferred revenue	747,186	-
Noncurrent liabilities:		
Due within one year	5,779,688	247,341
Due in more than one year	<u>122,737,678</u>	<u>5,203,744</u>
Total liabilities	<u>134,602,500</u>	<u>5,733,793</u>
Deferred inflows of resources:		
Property taxes receivable	357,183	-
Deferred inflows of resources related to pensions	<u>9,205,402</u>	<u>244,162</u>
Total deferred inflows of resources	<u>9,562,585</u>	<u>244,162</u>
Net Position (deficit):		
Net investment in capital assets	39,027,456	3,684,886
Restricted for debt service	4,035,190	-
Restricted for educational services	9,996,247	-
Unrestricted	<u>(59,166,086)</u>	<u>2,014,442</u>
Total net position (deficit)	<u>\$ (6,107,193)</u>	<u>\$ 5,699,328</u>

The accompanying notes are an integral
part of the financial statements.

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

STATEMENT OF ACTIVITIES

Year ended June 30, 2015

					<u>Net (Expense) Revenue and Changes in Net Position</u>	
					<u>Primary Government</u>	
					<u>Total</u>	<u>Component</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Unit</u>
Governmental Activities:						
Primary Government:						
Instruction	\$ 38,743,590	\$ 1,070,933	\$ 7,508,426	\$ -	\$ (30,164,231)	\$ -
Student support services	1,736,163	504,755	385,014	-	(846,394)	-
Instructional support services	1,598,306	-	270,491	-	(1,327,815)	-
General administration	811,350	315	126,873	-	(684,162)	-
School administration	2,452,295	1,256	207,049	-	(2,243,990)	-
Operations and maintenance	7,340,050	7,519	594,086	122,948	(6,615,497)	-
Central support services	718,140	41	11,511	-	(706,588)	-
Student transportation services	1,171,892	631	225,263	-	(945,998)	-
Food service operations	2,845,582	1,085,195	1,983,887	-	223,500	-
Community service operations	142,172	-	-	-	(142,172)	-
Recreation	2,994,068	-	-	-	(2,994,068)	-
Interest on long-term debt	2,286,167	-	1,399,296	-	(886,871)	-
Total Primary Government	<u>\$ 62,839,775</u>	<u>\$ 2,670,645</u>	<u>\$ 12,711,896</u>	<u>\$ 122,948</u>	<u>(47,334,286)</u>	<u>-</u>
Component Unit:						
Derby Recreation Commission	<u>\$ 4,873,906</u>	<u>\$ 2,202,465</u>	<u>\$ 17,534</u>	<u>\$ -</u>	<u>-</u>	<u>(2,653,907)</u>
General Revenues:						
Property taxes levied for:						
General purposes					9,700,407	-
Debt service					3,384,849	-
Capital outlay					2,566,778	-
Payment from USD No. 260					-	2,994,068
Grants and entitlements not restricted to specific programs					40,868,543	-
Investment earnings					<u>57,855</u>	<u>4,544</u>
Total general revenues					<u>56,578,432</u>	<u>2,998,612</u>
Change in net position					<u>9,244,146</u>	<u>344,705</u>
Net position at beginning of year:						
As previously reported					40,180,089	6,641,693
Adjustment related to unfunded pension liability					<u>(55,531,428)</u>	<u>(1,287,070)</u>
As restated					<u>(15,351,339)</u>	<u>5,354,623</u>
Net position (deficit) at end of year					<u>\$ (6,107,193)</u>	<u>\$ 5,699,328</u>

The accompanying notes are an integral
part of the financial statements.

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FUND FINANCIAL STATEMENTS

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

BALANCE SHEET - ALL GOVERNMENTAL FUNDS

June 30, 2015

	<u>General</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Bond Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Assets:							
Cash including investments	\$ 1,724,757	\$ 1,368,479	\$ 4,035,190	\$ 4,514,417	\$ 11,300,537	\$ 2,996,858	\$ 25,940,238
Due from other funds	-	-	-	1,427,304	-	-	1,427,304
Due from other governments	2,810,173	-	-	-	-	34,420	2,844,593
Due from others	-	-	-	-	-	30,737	30,737
Accrued interest receivable	-	-	-	-	28,276	-	28,276
Lease rentals receivable	-	-	-	747,186	-	-	747,186
Property taxes receivable	<u>148,264</u>	<u>-</u>	<u>78,427</u>	<u>59,346</u>	<u>-</u>	<u>71,146</u>	<u>357,183</u>
Total assets	<u>\$ 4,683,194</u>	<u>\$ 1,368,479</u>	<u>\$ 4,113,617</u>	<u>\$ 6,748,253</u>	<u>\$ 11,328,813</u>	<u>\$ 3,133,161</u>	<u>\$ 31,375,517</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
Liabilities:							
Accrued salaries and wages payable	\$ 1,208,245	\$ 218,298	\$ -	\$ 13,319	\$ -	\$ 441,621	\$ 1,881,483
Accounts payable	192,910	12,549	-	869,557	1,666,614	48,673	2,790,303
Due to other funds	1,381,932	-	-	-	-	45,372	1,427,304
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>747,186</u>	<u>-</u>	<u>-</u>	<u>747,186</u>
Total liabilities	<u>2,783,087</u>	<u>230,847</u>	<u>-</u>	<u>1,630,062</u>	<u>1,666,614</u>	<u>535,666</u>	<u>6,846,276</u>
Deferred inflows of resources:							
Unavailable revenue – property taxes receivable	<u>148,264</u>	<u>-</u>	<u>78,427</u>	<u>59,346</u>	<u>-</u>	<u>71,146</u>	<u>357,183</u>
Fund balances:							
Restricted	-	-	4,035,190	2,682,078	1,564,401	1,714,578	9,996,247
Committed	1,384,473	1,137,632	-	2,376,767	8,097,798	811,771	13,808,441
Unassigned	<u>367,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>367,370</u>
Total fund balances	<u>1,751,843</u>	<u>1,137,632</u>	<u>4,035,190</u>	<u>5,058,845</u>	<u>9,662,199</u>	<u>2,526,349</u>	<u>24,172,058</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,683,194</u>	<u>\$ 1,368,479</u>	<u>\$ 4,113,617</u>	<u>\$ 6,748,253</u>	<u>\$ 11,328,813</u>	<u>\$ 3,133,161</u>	<u>\$ 31,375,517</u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

June 30, 2015

Total Governmental Fund Balances \$ 24,172,058

Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported
in the funds (capital assets net of accumulated
depreciation:

Capital assets	\$ 144,510,144
Accumulated depreciation	<u>(46,017,650)</u>

Capital assets net of accumulated depreciation	98,492,494
--	------------

Other assets used in governmental activities are not
financial resources and therefore are not reported
in the funds:

Prepaid expenses	474,536
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Pension contributions are reported as an expense in the
funds and as a deferred outflow of resources in the
governmental activities in the statement of net position

	9,142,649
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Pension fundings are reported as a revenue in the funds
and as a deferred inflow of resources in the
governmental activities in the statement of net position

	(9,205,402)
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Long-term liabilities are not due and payable in the
current period and therefore are not reported
in the funds:

Accrued interest payable	666,162
Compensated absences payable	3,010,560
Other postemployment benefits payable	692,488
Early retirement payable	4,382,425
Net pension liability	46,326,026
General obligation bonds payable	63,455,000
Unamortized premium on general obligation bonds	5,187,475
Certificates of participation	685,000
Capital lease obligations payable	<u>4,778,392</u>

	<u>(129,183,528)</u>
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Net Position (deficit) of Governmental Activities	<u>\$ (6,107,193)</u>
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The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

GOVERNMENTAL FUNDS

Year Ended June 30, 2015

	<u>General</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Bond Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxes	\$ 6,630,431	\$ -	\$ 3,384,849	\$ 2,566,778	\$ -	\$ 3,069,976	\$ 15,652,034
Intergovernmental	27,784,117	9,923,573	1,220,299	504,027	-	13,665,536	53,097,552
Charges for services	513,083	15,773	-	-	-	1,519,909	2,048,765
Investment earnings	-	-	-	11,587	45,827	441	57,855
Miscellaneous	<u>708,339</u>	<u>-</u>	<u>-</u>	<u>309,593</u>	<u>-</u>	<u>209,783</u>	<u>1,227,715</u>
Total revenues	<u>35,635,970</u>	<u>9,939,346</u>	<u>4,605,148</u>	<u>3,391,985</u>	<u>45,827</u>	<u>18,465,645</u>	<u>72,083,921</u>
Expenditures:							
Current:							
Instruction	22,329,224	8,969,899	-	1,240,563	-	10,551,500	43,091,186
Student support services	1,870,301	32,785	-	1,676	-	508,741	2,413,503
Instructional support services	1,539,266	3,706	-	561	-	305,237	1,848,770
General administration	715,746	192,598	-	4,883	-	50,799	964,026
School administration	2,810,559	-	-	41,594	-	210,222	3,062,375
Operation and maintenance of plant	4,401,763	97	-	2,546,923	-	213,565	7,162,348
Central support services	774,726	-	-	6,371	-	31,745	812,842
Student transportation services	735,770	416,072	-	9,973	-	69,792	1,231,607
Food service operation	120	-	-	-	-	2,985,387	2,985,507
Community service operations	156,456	-	-	50,360	-	-	206,816
Recreation	-	-	-	-	-	2,994,068	2,994,068
Capital Outlay:							
Facilities acquisition and construction	-	-	-	180,156	32,842,925	319,711	33,342,792
Debt service:							
Principal	194,861	-	1,365,000	1,125,020	-	-	2,684,881
Interest and other charges	<u>11,957</u>	<u>-</u>	<u>2,702,662</u>	<u>54,889</u>	<u>-</u>	<u>-</u>	<u>2,769,508</u>
Total expenditures	<u>35,540,749</u>	<u>9,615,157</u>	<u>4,067,662</u>	<u>5,262,969</u>	<u>32,842,925</u>	<u>18,240,767</u>	<u>105,570,229</u>
Revenues over (under) expenditures	<u>95,221</u>	<u>324,189</u>	<u>537,486</u>	<u>(1,870,984)</u>	<u>(32,797,098)</u>	<u>224,878</u>	<u>(33,486,308)</u>
Other financing sources (uses):							
Issuance of debt - capital lease obligation	-	-	-	3,340,292	-	-	3,340,292
Transfers in	-	-	-	-	-	300,000	300,000
Transfers out	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
Total other financing sources (uses)	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>3,340,292</u>	<u>-</u>	<u>300,000</u>	<u>3,340,292</u>
Net change in fund balances	<u>(204,779)</u>	<u>324,189</u>	<u>537,486</u>	<u>1,469,308</u>	<u>(32,797,098)</u>	<u>524,878</u>	<u>(30,146,016)</u>
Fund balances, beginning of year	<u>1,956,622</u>	<u>813,443</u>	<u>3,497,704</u>	<u>3,589,537</u>	<u>42,459,297</u>	<u>2,001,471</u>	<u>54,318,074</u>
Fund balances, end of year	<u>\$ 1,751,843</u>	<u>\$ 1,137,632</u>	<u>\$ 4,035,190</u>	<u>\$ 5,058,845</u>	<u>\$ 9,662,199</u>	<u>\$ 2,526,349</u>	<u>\$ 24,172,058</u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2015

Net Change in Fund Balances – Total Governmental Funds \$ (30,146,016)

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. In the current period, these
amounts are:

Capital outlay	\$ 33,394,753
Depreciation	<u>(3,558,983)</u>

Excess of capital outlays over depreciation	29,835,770
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In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due	18,291
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In the statement of activities, prepaid expenses are recognized as an asset, whereas in the governmental funds an expenditure is reported when paid	(190,327)
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Pension contributions are reported as expenditures in the governmental funds when made; however, they are reported as deferred outflows of resources in the statement of net position	9,142,649
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In the statement of activities the issuance of debt is reported as a liability whereas, in the governmental funds statements the issuance of debt is reported as an other financing source for:	
Capital lease obligations	(3,340,292)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
General obligation bond payment	1,365,000
Certificates of participation	150,000
Capital lease payment	<u>1,169,881</u>

Total payments on long-term liabilities	2,684,881
---	-----------

Some expenses reported in the statement of activities do
not require the use of current financial resources and
therefore are not reported as expenditures in the funds:

Early retirement payable	719,985
Compensated absences payable	180,660
Other postemployment benefits payable	(126,505)
Amortization of premium on general obligation bonds	<u>465,050</u>

Total other expenses	<u>1,239,190</u>
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Change in Net Position of Governmental Activities	<u>\$ 9,244,146</u>
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The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ –	\$ –	\$ 38	\$ 38
Intergovernmental	<u>37,775,794</u>	<u>37,205,441</u>	<u>37,205,403</u>	<u>(38)</u>
 Total revenue	 <u>37,775,794</u>	 <u>37,205,441</u>	 <u>37,205,441</u>	 <u>–</u>
Expenditures and encumbrances:				
Instruction	20,985,804	20,415,451	18,984,876	1,430,575
Student support services	–	–	1,795	(1,795)
Instructional support services	24,439	24,439	21,082	3,357
General administration	–	–	4,068	(4,068)
School administration	2,676,488	2,676,488	2,638,394	38,094
Operation/maintenance of plant	388,301	388,301	238,161	150,140
Central support services	777,180	777,180	636,847	140,333
Student transportation services	901,455	901,455	726,853	174,602
Community service operations	137,400	137,400	156,456	(19,056)
Debt service	–	–	206,818	(206,818)
Transfers out	<u>11,884,727</u>	<u>11,884,727</u>	<u>13,590,091</u>	<u>(1,705,364)</u>
 Total expenditures and encumbrances	 <u>37,775,794</u>	 <u>37,205,441</u>	 <u>37,205,441</u>	 <u>–</u>
 Revenue over expenditures and encumbrances	 –	 –	 –	 –
Fund balance, beginning of year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
 Fund balance, end of year	 <u>\$ –</u>	 <u>\$ –</u>	 <u>\$ –</u>	 <u>\$ –</u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

SPECIAL EDUCATION FUND

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenue and other financing sources:				
Intergovernmental	\$ 1,622,933	\$ 1,622,933	\$ 1,761,168	\$ 138,235
Charges for services	35,000	35,000	15,773	(19,227)
Transfers from other funds	<u>7,560,772</u>	<u>7,560,772</u>	<u>8,162,405</u>	<u>601,633</u>
Total revenue and other financing sources	<u>9,218,705</u>	<u>9,218,705</u>	<u>9,939,346</u>	<u>720,641</u>
Expenditures and encumbrances:				
Instruction	7,574,593	7,574,593	8,969,899	(1,395,306)
Instructional support staff	5,000	5,000	3,706	1,294
Student support services	1,730,256	1,730,256	32,785	1,697,471
General administration	193,980	193,980	192,598	1,382
Operation/maintenance of plant	–	–	97	(97)
Transportation services	<u>508,135</u>	<u>508,135</u>	<u>416,072</u>	<u>92,063</u>
Total expenditures and encumbrances	<u>10,011,964</u>	<u>10,011,964</u>	<u>9,615,157</u>	<u>396,807</u>
Revenue and other financing sources over (under) expenditures and encumbrances	(793,259)	(793,259)	324,189	1,117,448
Fund balance, beginning of year	<u>793,259</u>	<u>793,259</u>	<u>813,443</u>	<u>20,184</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 1,137,632</u>	<u>\$ 1,137,632</u>

The accompanying notes are an integral part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
STATEMENT OF FIDUCIARY NET POSITION – ALL AGENCY FUNDS

June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash including investments	\$ 2,039,202
Due from other governments	1,336
Due from other funds	<u>1,336</u>
Total assets	<u>\$ 2,041,874</u>
<u>LIABILITIES</u>	
Liabilities:	
Payroll withholdings and taxes payable	\$ 1,640,219
Due to student organizations	400,319
Due to other funds	<u>1,336</u>
Total liabilities	<u>\$ 2,041,874</u>

The accompanying notes are an integral
part of the financial statements.

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NOTES TO FINANCIAL STATEMENTS

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Derby Unified School District No. 260 (District) is a Kansas school district governed by an elected seven-member board. As required by generally accepted accounting principles, these financial statements present Derby Unified School District No. 260 (the primary government) and its component unit. The component unit discussed in the following paragraphs is included in the District's reporting entity because the primary government is considered financially accountable for it.

The component unit columns in the government-wide financial statements (see note below for description) include the financial data of the District's component unit. It is reported in a separate column to emphasize that it is legally separate from the District and to differentiate its financial position and results of operations from that of the primary government. The District's component unit is accounted for using the same principles as the governmental fund types of the District.

The Derby Recreation Commission was established pursuant to Kansas Statutes to operate a system of public recreation in Derby, Kansas. The District appoints two of the five members of the Board of Commissioners of the Derby Recreation Commission. The Derby Recreation Commission taxes are levied under the taxing authority of the District. These taxes are accounted for in the Recreation and Recreation - Employee Benefits special revenue funds of the District. The Derby Recreation Commission may not acquire real property or issue debt without the approval of the District. Any lease entered into by the Derby Recreation Commission may be subject to approval of the District. The Derby Recreation Commission is included in the financial statements of the District as a discretely presented component unit. Complete financial statements for the Derby Recreation Commission may be obtained at the Derby Recreation Commission, 801 East Market, Derby, Kansas 67037.

Implementation of GASB Statement No. 68 and GASB Statement No. 71

As of July 1, 2014, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The implementation of these standards requires governments to calculate and report costs and obligations associated with pensions in their financial statements. Employers are required to recognize pension amounts for all benefits provided through the Kansas Public Employees' Retirement System of the State of Kansas (KPERs),

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

which includes the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 7 and the additional disclosures required by these standards are included in Note 13.

Basis of presentation

The financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's basic financial statements include both government-wide, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The statement of net position and the statement of activities display information about the District as a whole. The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements

During the year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

The District's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The District reports the following major governmental funds:

General Fund – used to account for all financial transactions not properly accounted for in another fund. It receives a greater variety and number of taxes and other general revenues than any other fund and these resources also finance a wider range of activities than any other fund. Under the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the following funds are combined to present the General Fund operations:

General Fund – the District’s primary operating fund.

Supplemental General Fund – used to account for revenue received and expenditures incurred related to the District’s Local Option Budget (LOB). Moneys available under the LOB may be used for any purpose for which expenditures from the General Fund are authorized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Professional Development Fund – used to account for revenue received and expenditures incurred for teacher inservice training programs.

Summer School Fund – used to account for summer school fees collected and expenditures associated with summer school programs.

Contingency Reserve Fund – used to account for moneys transferred from the General Fund, in accordance with Kansas statutes, and to provide resources for unforeseen and unplanned needs of the District.

Latchkey Program Fund – used to account for revenue and expenditures for childcare programs maintained by the District.

Special Education Fund – used to account for revenue and expenditures incurred in conjunction with the state supported supplemental education needs of selected students. Major resources include Federal and State Aid provided through the Kansas Department of Education.

Debt Service Fund – used to account for the payment of principal and interest on the District's general obligation bonds.

Capital Outlay Fund – used to account for tax revenues and other sources which are primarily utilized for the acquisition, construction, reconstruction, repair, remodeling, additions to, furnishing and equipping of District buildings.

Bond Project Fund – used to account for the proceeds of the general obligation bonds issued July 1, 2012 in the principal amount of \$60,155,000 and \$3,300,000 issued June 1, 2014 that were approved by the voters in the District on April 3, 2012. The proceeds of the bonds are being used to (a) construct, equip and furnish a new grade 6-8 middle school; (b) construct, equip and furnish an addition to the existing middle school and make renovations and improvements to the existing facility; (c) construct, equip and furnish a new Central Kitchen facility; (d) replace roofing on existing District buildings; (e) construct improvements to certain District elementary schools to provide enhanced safety and security, improve support spaces, provide larger and more functional classrooms, and provide storm shelter areas; (f) construct, equip and furnish additions to the existing high school building to provide additional and improved space for music/orchestra education, improve locker room facilities, expand the existing lobby area, and expand and remodel food service areas; (g) demolish both the existing 6th Grade Center building and the existing Central Kitchen facility; and (h) make all other necessary improvements appurtenant thereto.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, the District reports agency funds to account for assets held in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds include payroll withholding, sales tax collections and student activity monies at the various schools.

Cash and investments

The District pools all funds for the purpose of increasing income through investment activities except for the Bond Project Fund. Investments are reported at fair value, which are determined using market quotations for such securities. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at a carrying amount, which reasonably estimates fair value. Applicable State statutes allow the recording of investment income to certain funds of the District and, accordingly, investment earnings have been credited to the Food Service and Capital Outlay funds. Investment and deposit earnings related to the bond financing in the Bond Project Fund are recorded to that fund. Additional cash and investment disclosures are presented at Note 2.

Inventories

Inventories are considered to be immaterial and are not recorded.

Property taxes and other receivables

Property taxes are recognized in the period for which the taxes are levied, that is when the use of the property taxes is permitted. Property taxes are assessed on a calendar year basis, become a lien and are levied on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. At June 30 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the statement of net assets and the governmental fund financial statements for the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole. As of June 30, 2015 the County Treasurer has distributed to the District approximately 97% of the 2014 taxes levied. The remaining taxes from this levy plus a portion of the 2015 taxes levied will be used to finance the fiscal year ending June 30, 2016.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

to/from other funds.” All short-term interfund receivables and payables at year-end will be eliminated in the subsequent year. As a general rule the effect of all other interfund activity has been eliminated from the government-wide financial statements.

Capital assets

Capital assets, which include property, plant, equipment, infrastructure assets and construction work in progress, are reported in the governmental activities column in the government-wide financial statements. Capital assets of the District are defined as assets with an initial individual cost of more than \$5,000, except for musical instruments and assets funded by federal grant programs, and a useful life of more than one year. District capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as the projects are completed and placed into operation.

Property, plant and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	30
Improvements	15
Machinery and equipment	3-15

Assets acquired with funds received through federal grants, must be used in accordance with the terms of the grant. Federal regulations require, in some instances, the District to reimburse the federal government for any assets that the District retains for its own use after the termination of the grant unless otherwise provided for by the grantor.

Compensated absences

All permanent full-time and part-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts. Vacation benefits accrue as payable at a rate from .42 days to 1.67 days per month depending on length of continuous full-time employment. Sick leave days accumulate as payable at a rate of 1.33 days per month to a maximum of 180 days. Sick leave accumulated beyond 180 days is payable annually at three-fourths the daily rate.

The entire compensated absences liability is reported on the government-wide financial statements. The liability is based on current salary costs and the vested portion of accumulated benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent that they are due for payment during the current year. The most significant portion of the compensated absence liability is liquidated from the General and Supplemental General Funds.

Early retirement

The District maintains a policy of paying early retirement salary to certain former employees, who qualify, for a period not to exceed ten years subsequent to their early retirement date. Early retirement is defined under the program as retirement in or after the school year in which the employee reaches the age of 55, but before the school year the employee reaches the age of 65. To qualify for early retirement, employees have to be at least 55 years of age within the next school year and have a minimum of ten years employment with the District and the Kansas Public Employer's Retirement System (KPERs). Retirement pay is computed based on predetermined factors applied to the employees highest salary of their last four years of employment and is paid either on a monthly basis or as a lump sum payment at the end of the fiscal year. The computations do not include life expectancy or any other actuarial factors. An employee taking early retirement has no claim to re-employment in the District once retirement goes into effect. All early retirement benefits terminate upon the death of the participant. The early retirement obligations were liquidated from the District's Supplemental General Fund during the fiscal year ended June 30, 2015 and the cost of the termination benefits for the year ended June 30, 2015 was \$1,403,690. At June 30, 2015, there were 140 former employees receiving early retirement benefit payments. The discount rate applied in the determination of the early retirement benefit liability at June 30, 2015 was 2.60%, the average interest rate on the most recent debt issued by the District.

Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Deferred inflows/deferred outflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and is not recognized as an outflow of resources (expense/expenditure) until the future period. The District reports amounts related to pensions on the government-wide statement of net position as a deferred outflow of resources.

In addition to liabilities, the statement of net position and balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and is not recognized as an inflow of resources (revenue) until that time. The District reports amounts related to pensions and property taxes receivable on the government-wide statement of net position and unavailable revenues on the governmental funds balance sheet as deferred inflows of resources.

Net position flow assumption

The government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the government-wide financial statements, equity is reflected as net position and classified into three components:

- Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted – consisting of net position items with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- Unrestricted net position – all other net position items that do not meet the definition of “restricted” or “investment in capital assets, net”.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

In the governmental funds financial statements, equity is classified into potentially five components:

Restricted – constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints approved by formal action of the government’s highest level of decision-making authority (the Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Board of Education can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the governing body itself, or (b) a body (such as a budget or finance committee) or official (Superintendent) to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Board of Education has by resolution authorized the Director of Budget and Finance/Treasurer to assign fund

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

balance. The Board of Education may also assign fund balance as it does when appropriating a fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. An additional action does not normally have to be taken for the removal of an assignment.

Unassigned – the amount that is the residual after amounts have been restricted, committed or assigned to specific purposes. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

Budgets and budgetary comparisons

Applicable Kansas statutes require that budgets be legally adopted for all governmental fund types on a 12-month basis, unless exempted by a specific statute. Specific funds exempted from legally adopted budgetary requirements include: Contingency Reserve, Latchkey Program, Textbook Revolving, Athletic and Activity, Special Grants, Kansas Beef Council Grant, Title II A, Title I, English Language Learners Title III, Kansas Coordinated School Health Grant, Project Lead The Way, Alcohol and Drug Prevention Grant – City of Derby, Derby Education Foundation/Boeing/Derby Community Foundation Grant, Preschool Block Grant – The Opportunity Project, Bond Project, Westar Energy Solar Project and GraceMed Construction HRSA Grant funds.

The Capital Outlay Fund, included as a capital project fund type, is a budgeted fund and its appropriations lapse at the end of the year.

All agency funds are exempted from legally adopted budgetary requirements.

State statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All budgets are prepared utilizing the modified accrual basis, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances (that is, commitments, such as purchase orders and contracts). Encumbrances are reported as expenditures in the current year's budgetary presentation and as committed fund balances in the governmental fund financial statements. Accordingly, the actual expenditure data presented in the budgetary comparison statements differ from the data presented in the governmental fund financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. All unencumbered appropriations lapse at the end of the year. Management may amend the amount of a specific object or purpose appropriation without obtaining authorization from the Board of Education provided the amendments or transfers do not create a total budgeted expenditure amount for a specific fund in excess of that amount adopted by the Board of Education. The statutes allow for the Board of Education to increase the originally adopted budget for previously unbudgeted increases in revenue, other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the Board of Education may amend the budget at that time. During the year ended June 30, 2015, the following individual fund budgets were amended, or adjusted to the legal maximum budget:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
General	\$ 37,775,794	\$ 37,205,441
Supplemental General	12,950,645	12,767,588

The General Fund and Supplemental General Fund amended budgets represent the legal maximum budgets for each fund as determined by the Kansas Department of Education.

In preparing a 12-month budget, the remaining taxes from the levy of the preceding calendar year are recognized as assets. All revenues and expenditures are estimated on a 12-month basis. The tax levy required to finance the budget is on a calendar year basis.

As discussed above, the actual data presented in the budgetary comparison statements differ from the data presented in the financial statements prepared in conformity with (GAAP). The following reconciliation is presented to provide a correlation between the "GAAP" basis of reporting and the budgetary basis of reporting:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	General Fund	Special Education Fund	Debt Service Fund	Capital Outlay Fund	Other Nonmajor and Nonbudgeted Governmental Funds	Total Governmental Funds
GAAP Fund Balance June 30, 2015	\$1,751,843	\$1,137,632	\$ 4,035,190	\$ 5,058,845	\$ 12,188,548	\$24,172,058
Adjustments:						
Reserved for encumbrances	(39,219)	-	-	(784,720)	(8,283,435)	(9,107,374)
Fund balance for individual funds combined for General Fund GAAP reporting purposes for:						
Supplement General Fund	(172,040)	-	-	-	172,040	-
Summer School Fund	(33,570)	-	-	-	33,570	-
Contingency Reserve Fund	(1,384,473)	-	-	-	1,384,473	-
Latchkey Program Fund	(122,541)	-	-	-	122,541	-
Fair market value of investments	-	-	-	-	131,592	131,592
Accrued interest receivable	-	-	-	-	(28276)	(28,276)
Unreserved fund balances not subject to the Kansas budget law	-	-	-	-	(3,626,665)	(3,626,665)
Budgetary Fund Balance June 30, 2015	<u>\$ -</u>	<u>\$1,137,632</u>	<u>\$ 4,035,190</u>	<u>\$ 4,274,125</u>	<u>\$ 2,094,388</u>	<u>\$11,541,335</u>

2. DEPOSITS AND INVESTMENTS

At June 30, 2015, the District has the following investments and maturities:

<u>Investment Type</u>	<u>Carrying Amount/ Fair Value</u>	<u>Cost</u>	<u>Weighted Average Months to Maturity</u>	<u>Rating</u>
U.S. Government agency securities and mortgage- backed securities	\$ 10,344,883	\$ 10,476,475	.66	S&P AA+
U.S. Government agency securities and mortgage- backed securities (overnight sweep account investments)	535,721	535,721	39.50	S&P AA+
U.S. Government agency securities (money market fund)	<u>3,340,292</u>	<u>3,340,292</u>	N/A	S&P AA+
Totals	<u>\$ 14,220,896</u>	<u>\$ 14,352,488</u>		

2. DEPOSITS AND INVESTMENTS (continued)

The U.S. Government agency securities and mortgage-backed securities related to the bond project have staggered maturities, which correspond with the estimated cash flow requirements for the bond project. These securities are reported at their fair value as determined by national security markets. The adjustment to fair value of \$131,592 is reflected in investment earnings. The calculation of realized and unrealized gains and losses is independent of the calculation of the change in fair value of investments and there are no realized gains and losses of the current period that include unrealized amounts from prior periods. The overnight U.S. Government agency securities and mortgage-backed securities are carried at cost, which approximates their market values due to the short-term duration of these investments.

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories that may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation (FDIC) coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The investments held by the District are related to the bond project and are authorized by the authorizing bond resolution. These investments are not subject to collateralization. The District's allocation of investments at June 30, 2015, is as follows:

<u>Investment</u>	<u>Percentage of Investments</u>
U.S. Government agency securities and Mortgage-backed securities	100%

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint

2. DEPOSITS AND INVESTMENTS (continued)

custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

At year-end, the carrying amount of the District's deposits was \$13,758,544 with the bank balances of such accounts being \$17,507,641. Of the bank balances, \$582,862 was covered by federal depository insurance and the remaining balance of \$16,924,779 was covered by collateral held by the District's custodial banks in joint custody in the name of the District and its banks. The fair value of those pledged securities held by the District's custodial banks was \$19,457,640 at June 30, 2015.

The District's component unit cash and investments at June 30, 2015 consisted of cash on hand, money market checking accounts and certificates of deposit. At year-end, the carrying amount of the District's component unit deposits was \$3,676,639 with the bank balances of such accounts being \$3,692,625. Of the bank balances, \$478,554 was covered by federal depository insurance and the remaining balance of \$3,214,071 was covered by pledged collateral held at its custodial banks in joint custody in the name of the Commission and its banks with a fair value of \$3,608,732 at June 30, 2015.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

A reconciliation of cash and investments as reported in the financial statements at June 30, 2015 is as follows:

Cash on hand – component unit	\$ 7,255
Carrying amount of deposits – primary government	13,758,544
Carrying amount of deposits – component unit	3,676,639
Carrying amount of investments – primary government	<u>14,220,896</u>
Total	<u>\$ 31,663,334</u>
Amounts per statements of net position:	
Cash and investments – primary government	\$ 25,940,238
Cash and investments – component unit	3,683,894
Cash and investments held in fiduciary funds	<u>2,039,202</u>
Total	<u>\$ 31,663,334</u>

3. CAPITAL ASSETS

A summary of changes in capital assets of the District for the year ended June 30, 2015 is as follows:

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 3,826,936	\$ —	\$ —	\$ 3,826,936
Construction work In process	<u>21,611,750</u>	<u>32,605,872</u>	<u>6,058,554</u>	<u>48,159,068</u>
Total capital assets not being depreciated	<u>25,438,686</u>	<u>32,605,872</u>	<u>6,058,554</u>	<u>51,986,004</u>
Capital assets being depreciated:				
Buildings and improvements	68,014,653	6,500,247	67,706	74,447,194
Furniture and equipment	<u>17,729,758</u>	<u>347,188</u>	<u>—</u>	<u>18,076,946</u>
Total capital assets being depreciated	<u>85,744,411</u>	<u>6,847,435</u>	<u>67,706</u>	<u>92,524,140</u>
Less accumulated depreciation for:				
Buildings and improvements	35,114,486	2,853,692	67,706	37,900,472
Furniture and equipment	<u>7,411,887</u>	<u>705,291</u>	<u>—</u>	<u>8,117,178</u>
Total accumulated depreciation	<u>42,526,373</u>	<u>3,558,983</u>	<u>67,706</u>	<u>46,017,650</u>
Total capital assets being depreciated, net	<u>43,218,038</u>	<u>3,288,452</u>	<u>—</u>	<u>46,506,490</u>

3. CAPITAL ASSETS (continued)

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Governmental activities capital assets, net	\$ 68,656,724	\$ 35,894,324	\$ 6,058,554	\$ 98,492,494

Depreciation expense was charged to functions/programs as follows:

Instruction	\$ 2,939,598
Student support services	10,167
Instructional support services	9,342
School administration	2,660
Operation/maintenance of plant	442,298
Central support services	3,207
Student transportation services	117,042
Food service operations	34,669
	<u>\$ 3,558,983</u>

The cost and accumulated amortization of computer and technology equipment under capital lease at June 30, 2015 is \$5,146,837 and \$2,691,341, respectively.

Capital asset activity for the Derby Recreation Commission (component unit) for the year ended June 30, 2015 was as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
<u>Governmental Activities:</u>				
Capital assets being depreciated:				
Buildings and improvements	\$ 9,157,804	\$ 3,650	\$ —	\$ 9,161,454
Machinery and equipment	1,838,142	149,737	127,575	1,860,304
Vehicles	<u>187,548</u>	<u>80,529</u>	<u>41,995</u>	<u>226,082</u>
Total assets being depreciated	<u>11,183,494</u>	<u>233,916</u>	<u>169,570</u>	<u>11,247,840</u>
Less accumulated depreciation for:				
Buildings and improvements	2,111,782	186,453	—	2,298,235
Machinery and equipment	911,939	163,102	86,788	988,253
Vehicles	<u>157,621</u>	<u>30,840</u>	<u>41,995</u>	<u>146,466</u>

3. CAPITAL ASSETS (continued)

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Total accumulated depreciation	\$ 3,181,342	\$ 380,395	\$ 128,783	\$ 3,432,954
Total capital assets, being depreciated, net	\$ 8,002,152	\$ (146,479)	\$ 40,737	\$ 7,814,886

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt transactions of the District for the year ended June 30, 2015:

	Balance at July 1, 2014	Increase	Decrease	Balance at June 30, 2015	Amounts Due Within One Year
General obligation bonds	\$ 64,820,000	\$ -	\$ 1,365,000	\$ 63,455,000	\$ 2,125,000
Capital lease obligations	2,607,981	3,340,292	1,169,881	4,778,392	815,998
Certificates of participation	835,000	-	150,000	685,000	160,000
Early retirement	5,102,410	683,705	1,403,690	4,382,425	1,145,796
Premium on general obligation bonds	5,652,525	-	465,050	5,187,475	460,818
Other postemployment benefits	565,983	126,505	-	692,488	-
Unfunded pension Liability	55,531,428	-	9,205,402	46,326,026	-
Compensated absences	3,191,220	955,750	1,136,410	3,010,560	1,072,076
Total	\$ 138,306,547	\$ 5,106,252	\$ 14,895,433	\$ 128,517,366	\$ 5,779,688

General obligation bonds

General obligation bonds payable are serial bonds to be retired through the fiscal year ended June 30, 2033. Debt service on the general obligation bonds is recorded in the Debt Service Fund of the District. At June 30, 2015 the bonds consist of the following:

	Interest rates	Bonds outstanding
General Obligation Refunding and School Improvement Bonds, Series 2012	2.0 – 5.0%	\$ 60,155,000
General Obligation Bonds, Series 2014, issued June 1, 2014	2.0 – 3.0%	<u>3,300,000</u>
		<u>\$ 63,455,000</u>

4. LONG-TERM DEBT (continued)

On July 1, 2012, the District issued \$61,750,000 of 2.0% to 5.0% General Obligation Refunding and School Improvement Bonds, Series 2012. \$1,595,000 principal amount of the Series 2012 bonds were issued to pay \$1,600,000 of principal due under the District's 2004 bonds due October 1, 2012. The remaining principal amount of \$60,155,000 was issued to provide permanent financing to (a) construct, equipment and furnish a new grade 6-8 middle school; (b) construct, equipment and furnish an addition to the existing middle school and make renovations and improvements to the existing facility; (c) construct, equip and furnish a new Central Kitchen facility; (d) replace roofing on existing District buildings; (e) construct improvements to certain District elementary schools to provide enhanced safety and security, improve support spaces, provide larger and more functional classrooms, and provide storm shelter areas; (f) construct, equip and furnish additions to the existing high school building to provide additional and improved space for music/orchestra education, improve locker room facilities, expand the existing lobby area, and expand and remodel food service areas; (g) demolish both the existing 6th Grade Center building and the existing Central Kitchen facility; and (h) make all other necessary improvements appurtenant thereto. The Series 2012 bonds maturing on October 1, 2023, and thereafter, are subject to redemption and payment prior to their stated maturity on October 1, 2022, and thereafter, as a whole or in part at any time at the redemption price of 100% of the principal amount plus accrued interest to the redemption date.

On June 1, 2014, the District issued \$3,300,000 of 2.0% to 3.0% General Obligation Bonds, Series 2014 to provide for the remaining costs related to the school improvements noted in the preceding paragraph. The Series 2014 bonds maturing on October 1, 2024, and thereafter, are subject to redemption and payment prior to maturity on October 1, 2023 and thereafter, as a whole or in part at any time at the redemption price of 100% of the principal amount plus accrued interest to the redemption date.

Annual debt service requirements for the general obligation bonds are as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,125,000	\$ 2,655,217	\$ 4,780,217
2017	2,260,000	2,578,468	4,838,468
2018	2,395,000	2,492,517	4,887,517
2019	2,530,000	2,406,268	4,936,268
2020	2,675,000	2,318,442	4,993,442
2021	2,805,000	2,233,268	5,038,268
2022	2,940,000	2,129,667	5,069,667
2023	3,120,000	2,002,418	5,122,418
2024	3,305,000	1,858,427	5,163,427
2025	3,510,000	1,694,325	5,204,325
2026	3,730,000	1,519,325	5,249,325
2027	3,965,000	1,332,512	5,297,512

4. LONG-TERM DEBT (continued)

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2028	\$ 4,210,000	\$ 1,170,269	\$ 5,380,269
2029	4,390,000	997,600	5,387,600
2030	4,660,000	776,850	5,436,850
2031	4,655,000	546,775	5,201,775
2032	4,940,000	306,900	5,246,900
2033	<u>5,240,000</u>	<u>91,700</u>	<u>5,331,700</u>
	<u>\$ 63,455,000</u>	<u>\$ 29,110,948</u>	<u>\$ 92,565,948</u>

Applicable State statutes limit the outstanding bonded indebtedness of the District to 14% (before any exemption authority granted by the State Board of Education) of the assessed value of all tangible taxable property within the District. At June 30, 2015, the District's legal debt margin was \$7,616,275.

Capital lease obligations

During 2012, the District entered into a lease agreement for the purchase of computer equipment with a vendor. The lease requires annual payments of \$274,488, including interest, through March 2015. The lease qualifies as a capital lease obligation under generally accepted accounting principles and the assets have been recorded at the present value of the net minimum lease payments at the inception of the lease (\$1,082,232). The final lease payment made during 2015 was financed from the Capital Outlay Fund.

During 2013, the District entered into a lease agreement for technology equipment with a vendor. The lease requires semi-annual payments of \$124,697, including interest, through January 2017. The lease qualifies as a capital lease obligation under generally accepted accounting principles and the assets have been recorded at the present value of the net minimum lease payments at the inception of the lease (\$1,193,376). The lease payments for 2015 were financed from the Capital Outlay Fund.

During the fiscal year ended June 30, 2013, the District entered into a lease agreement with a vendor for the purchase of notebook computers for use by students at the Derby High School. The lease requires annual payments in the amount of \$473,455, including interest, through June 2016. The lease qualifies as a capital lease obligation under generally accepted accounting principles and the assets have been recorded at the present value of the net minimum lease payments at the inception of the lease (\$1,867,254). The lease payment for 2015 was financed from the Capital Outlay Fund.

During 2014, the District also entered into a lease agreement with a financing company for the purchase of computer equipment upgrades at the Education Service Center and for data recovery site upgrades. The lease requires annual payments in the amount of \$206,818, including interest, through August 2017. The lease qualifies as a capital lease obligation

4. LONG-TERM DEBT (continued)

under generally accepted accounting principles and the assets have been recorded at the present value of the net minimum lease payments (\$1,003,975). The lease payment for 2015 was financed from the General Fund.

During 2015, the District entered into a lease agreement with a financing company for the purchase of energy improvements to all District facilities. The lease requires monthly payments in varying amounts ranging from \$27,215 to \$27,857, including interest, through January 2028. The lease qualifies as a capital lease obligation under generally accepted accounting principles and the assets will be recorded at the present value of the minimum lease payments at the inception of the lease (\$3,340,292). There were no lease payments required during 2015.

The annual requirements to amortize the capital lease obligations outstanding at June 30, 2015, including imputed interest and maintenance charges, are as follows:

Year ending June 30,	Computer Equipment	Computer Equipment	Computer Equipment	Energy Facility Improvements	Total
2016	\$ 473,455	\$ 206,818	\$ 249,394	\$ 136,075	\$ 1,065,742
2017	—	206,818	124,697	323,955	655,470
2018	—	206,818	—	324,030	530,848
2019	—	—	—	333,130	333,130
2020	—	—	—	342,470	342,470
2021	—	—	—	339,000	339,000
2022	—	—	—	329,703	334,703
2023	—	—	—	334,307	329,307
2024	—	—	—	334,280	334,280
2025	—	—	—	334,280	334,280
2026	—	—	—	334,280	334,280
2027	—	—	—	334,280	334,280
2028	—	—	—	194,995	194,995
Total minimum lease payments	473,455	620,454	374,091	3,994,785	5,462,785
Less amounts representing interest and maintenance charges	(4,456)	(18,158)	(7,286)	(654,493)	(684,393)
Present value of minimum lease payments	\$ 468,999	\$ 602,296	\$ 366,805	\$ 3,340,292	\$ 4,778,392

Certificates of Participation

Certificates of Participation dated September 1, 2008, in the amount of \$1,500,000 were issued pursuant to a lease purchase agreement between the District, as lessee, and UMB Bank, N.A. as trustee and lessor. The Series 2008 Certificates of Participation have interest rates ranging from 3.50% to 4.50%. The Certificates of Participation were issued to finance the costs of the improvements to the Oaklawn Activity Center. The District also entered into a sublease agreement with the Derby Recreation Commission for use of the

4. LONG-TERM DEBT (continued)

facility for an initial term of ten years with an option to renew for subsequent ten-year periods. The lease payments shall be sufficient to service the Certificates of Participation issued by the District related to the costs of expansion, repairs, remodeling and other related costs of the facility. The debt is being financed from the Capital Outlay Fund via the lease rentals received from the Derby Recreation Commission. The amortization of the outstanding Certificates of Participation at June 30, 2015 is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 160,000	\$ 26,317	\$ 186,317
2017	165,000	19,531	184,531
2018	175,000	12,175	187,175
2019	<u>185,000</u>	<u>4,162</u>	<u>189,162</u>
	<u>\$ 685,000</u>	<u>\$ 62,185</u>	<u>\$ 747,185</u>

Component Unit debt

The following is a summary of changes in long-term debt transactions of the Derby Recreation Commission (component unit) for the year ended June 30, 2015:

	<u>Balance at July 1, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Capital lease obligations	\$ 4,320,000	\$ -	\$ 190,000	\$ 4,130,000	\$ 190,000
Compensated absences	<u>193,610</u>	<u>162,334</u>	<u>171,330</u>	<u>184,614</u>	<u>57,341</u>
Total	<u>\$ 4,513,610</u>	<u>\$ 162,334</u>	<u>\$ 361,330</u>	<u>\$ 4,314,614</u>	<u>\$ 247,341</u>

Compensated absences

Compensated absences are to be paid from various funds in the same proportion that those funds pay payroll costs. The District's projected liability for compensated absences at June 30, 2015 is \$3,010,560, which will primarily be liquated from the General Fund.

5. INTERFUND RECEIVABLES/PAYABLES

Individual fund receivable/payable balances at June 30, 2015 are as follows:

<u>Fund</u>	<u>Due To (Receivable)</u>	<u>Due From (Payable)</u>
Major Funds:		
General	\$ -	\$ 1,381,932
Capital Outlay	1,427,304	-

5. INTERFUND RECEIVABLES/PAYABLES (continued)

Nonmajor Funds:

Vocational Education	\$	–	\$	1,628
English Language Learners Title III		–		1,131
Preschool Block Grant – The Opportunity Project		–		11,876
Westar Energy Solar Project		–		30,737

Total all governmental funds		<u>1,427,304</u>		<u>1,427,304</u>
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Fiduciary funds:

Student Activity		1,136		–
Sales Tax Payable		–		1,136

Total fiduciary funds		<u>1,136</u>		<u>1,136</u>
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Total all funds		<u>\$ 1,428,440</u>		<u>\$ 1,428,440</u>
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The interfund receivable/payable balances are the result of commitments in the General Fund prior to year-end that are to be funded by general state aid that is due to be paid to the District during the month of June 2015. However, the District did not receive the general state aid payment until July 2015. The Vocational Education, English Language Learners Title III and Preschool Block Grant – The Opportunity Project Funds had incurred unreimbursed expenditures at June 30, 2015 that were reimbursed subsequent to year-end by the grant programs. The Sales Tax Payable Fund had overpaid the District's sales tax liability at June 30, 2015 and the Student Activity Funds advanced the deficit cash balance until sales tax collections alleviated the deficit subsequent to year-end.

6. INTERFUND TRANSFERS

With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the majority of transfers made under the statutory basis of accounting are now classified as state aid. GASB Statement No. 54 provides that "specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund. Those amounts should not be recognized as revenue in the fund initially receiving them; however, those inflows should be recognized as revenue in the special revenue fund in which they will be expended in accordance with specified purposes." State aid is initially received in the General and Supplement General Funds and various state statutes require the District to make transfers of this State Aid to other special revenue funds.

A summary of interfund transfers by individual fund reported as State Aid in the governmental funds financial statements but as transfers in the respective budgetary financial statements and schedules are as follows:

6. INTERFUND TRANSFERS (continued)

<u>Fund</u>	<u>Statutory authority</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:			
General	72-6428	\$ —	\$ 13,455,639
Supplemental General	72-6433	195,990	2,070,000
Contingency Reserve		442,203	195,990
Special Education	72-6428	8,162,405	—
Nonmajor Funds:			
Professional Development	72-6428	125,000	—
Summer School	72-6428		—
Parent Education Program	72-6428	114,377	—
Vocational Education	72-6428	1,225,629	—
Bilingual Education	72-6428	1,242,093	—
Four Year Old At Risk	72-6428	105,545	—
At Risk	72-6428	<u>4,108,387</u>	<u>—</u>
Total transfers		<u>\$ 15,721,629</u>	<u>\$ 15,721,629</u>

7. PENSION PLAN

Plan description

The District participates in the Kansas Public Employees Retirement System, a cost sharing multiple employer defined benefit pension plan. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74-4901 *et. seq.*:

Public employees, which includes:

- State/School employees
- Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participant by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the District are included in the local State/School group.

KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS,

7. PENSION PLAN (continued)

611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803, by calling 1-888-275-5737 or via KPERS website at www.kpers.org.

Benefits provided

KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. Members with ten or more years of credited service may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85.

Monthly retirement benefits are based on statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employees. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 0.9% of total payroll for the fiscal year ended June 30, 2015.

7. PENSION PLAN (continued)

The actuarially determined employer contribution rates and the statutory contribution rates for school employees are 15.12% and 10.27%, respectively. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2014 are 4.00%, 5.00%, or 6.00% for State/School employees.

Employer Allocations

Although KPERS administers one cost sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the District's share of the collective pension amounts as of June 30, 2014 and 2013 was based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2014 and 2013, respectively.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2014, the District's proportion was 0.867762%, which was a decrease of 0.021454% from its proportion measured at June 30, 2013.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2015, the District reported at liability of \$46,326,026 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2015, the District recognized pension expense of \$3,995,064. At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

7. PENSION PLAN (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date	\$ 9,142,649	\$ -
Differences between expected and actual experience	-	1,313,377
Net difference between projected and actual earnings on pension plan investments	-	6,601,394
Changes in proportion	<u>-</u>	<u>1,290,631</u>
Total	<u>\$ 9,142,649</u>	<u>\$ 9,205,402</u>

The District reported \$9,142,649 as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ 397,934
2017	397,934
2018	397,934
2019	149,464
Thereafter	-

Actuarial assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	- 3.0 percent
Salary increases	- 4.00 percent
Investment rate of return	- 8.00 percent, net of investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2014 and June 30, 2013 valuations were based on the results of an actuarial experience study conducted for the three-year period ending December 31, 2009.

7. PENSION PLAN (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major assets class included in the pension plan's target asset allocations as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2014</u>	
	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47.00%	6.00%
Fixed Income	14.00	0.85
Yield Driven	8.00	5.50
Real Return	11.00	3.75
Real Estate	11.00	6.65
Alternatives	8.00	9.50
Short-Term Investments	<u>1.00</u>	—
Total	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. PENSION PLAN (continued)

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the net pension liability of the Pension Plan as of June 30, 2014 calculated using the discount rate of 8.00%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	June 30, 2014		
	1.00% Decrease (7.00%)	Current Discount Rate (8.00%)	1.00% Increase (9.00%)
Amount due within one year	\$ 72,377,232	\$ 55,449,135	\$ 41,075,183

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District sponsors a single-employer defined benefit healthcare plan administered by the District. The Employee Benefit Plan (Plan) provides healthcare benefits, including medical and dental, to retirees and their dependents. Retiree health coverage is provided for under K.S.A. 12-5040. No separate financial report is issued for the Plan. Employees who retire with at least 10 years of cumulative service with the District and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERS) are eligible for benefits.

District retirees pay the same premiums charged to current employees for medical and dental coverage. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these two amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board (GASB) Statement No. 45. Active and retirees pay 100% of the premium rates for dental insurance coverage so no employer implicit subsidy exists for the dental insurance coverage.

Retirees and spouses have the same benefit as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches the Medicare eligibility age, which is currently age 65. Spousal

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age or dies.

Coverage is provided through a fully insured group insurance program. Four medical plan options are available and consist of a \$1,500 POS plan, \$3,000 POS plan, \$5,000 POS plan and a \$2,600 High Deductible Health Plan. Effective February 1, 2015 a \$6,000 POS plan was added to the program.

Membership in the Plan comprised the following at February 1, 2015, the date of the most recent actuarial valuation:

Active employees	543
Retirees	34
Covered spouses of retirees	7

Funding Policy

The contributions of the plan members and the District are established and may be amended by the Board of Education. The required contribution is based on pay-as-you-go financing requirements. District retirees pay 100% of their healthcare premiums; the District is not required to share costs of retiree premiums.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarially determined liabilities (or funding excess) over a period not to exceed thirty years. The following tables show the components of the District's OPEB cost for 2015:

<u>Annual OPEB Cost and Obligation for 2015</u>	<u>Amount</u>
Annual required contribution (ARC)	\$ 349,018
Interest on net OPEB obligation	19,809
Adjustment to the ARC	<u>(25,322)</u>
Annual OPEB cost (expense)	343,505
Contributions made	<u>(217,000)</u>
Increase in net OPEB obligation	126,505
Net OPEB obligation – beginning of year	<u>565,983</u>
Net OPEB obligation – end of year	<u><u>\$ 692,488</u></u>

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the most recent four fiscal years were as follows:

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6-30-15	343,505	63.2%	\$ 692,488
6-30-14	\$ 381,661	50.6%	565,983
6-30-13	381,661	50.6%	377,322
6-30-12	381,661	50.6%	181,661

Funded Status and Funding Progress

As of June 30, 2015, the plan was not funded. The actuarial accrued liability for benefits was \$2,957,681, and there were no actuarial assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,957,681. The covered payroll (annual payroll of active employees covered by the plan) was \$22,307,979, and the ratio of the UAAL to the covered payroll was 13.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.50% percent investment rate, and an annual healthcare cost trend rate of 7.5% initially, reduced to an ultimate rate of 5.00% after seven years. Both rates include a 1.30% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

9. OPERATING LEASES

The District leases certain postage metering equipment, duplicating and printing equipment under noncancelable operating leases. Total lease costs under these leases included in expenditures of the General, Latchkey and Parents As Teachers Funds for the year ended June 30, 2015 was \$163,129, \$938 and \$3,316, respectively. Future minimum lease payments under these noncancelable operating leases are as follows:

<u>Year ending June 30,</u>	<u>Postage Equipment</u>	<u>Duplicating and Printing Equipment</u>	<u>Total</u>
2016	\$ 5,661	\$ 95,172	\$ 100,833
2017	<u>5,661</u>	<u>71,379</u>	<u>77,040</u>
	<u>\$ 11,322</u>	<u>\$ 166,551</u>	<u>\$ 177,873</u>

10. FUND BALANCE CLASSIFICATIONS

Fund balance classifications reported on the governmental funds balance sheet at June 30, 2015 were as follows:

	<u>General</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Bond Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:							
Restricted for:							
Debt service	\$ -	\$ -	\$ 4,035,190	\$ -	\$ -	\$ -	\$ 4,035,190
Capital outlay	-	-	-	2,682,078	-	-	2,682,078
Bond Project	-	-	-	-	1,564,401	-	1,564,401
Vocational Education	-	-	-	-	-	339,817	339,817
Driver training	-	-	-	-	-	28,662	28,662
Special							
Assessment	-	-	-	-	-	58,135	58,135
Bilingual education	-	-	-	-	-	386,855	386,855
At Risk	-	-	-	-	-	450,000	450,000
Textbook							
Revolving	-	-	-	-	-	371,757	371,757
Special grants	-	-	-	-	-	25,315	25,315
Kansas Beef							
Council Grant	-	-	-	-	-	936	936
Title IIA	-	-	-	-	-	135	135
Title I	-	-	-	-	-	2,273	2,273
Kansas							
Coordinated							
School Health							
Grant	-	-	-	-	-	1,881	1,881
Alcohol and							
Drug Preven-							
tion Grant	-	-	-	-	-	37,228	37,228
Derby Education							
Foundation/Boeing							
Derby Community							
Foundation Grant	-	-	-	-	-	11,584	11,584
Committed:							
Contingency	1,384,473	-	-	-	-	-	1,384,473
Special education	-	1,137,632	-	-	-	-	1,137,632
Capital outlay	-	-	-	2,376,767	-	-	2,376,767
Food service	-	-	-	-	-	810,946	810,946
Bond project	-	-	-	-	8,097,798	-	8,097,798
Athletic and Activity	-	-	-	-	-	825	825
Unassigned:							
General	39,219	-	-	-	-	-	39,219
Supplemental							
General	172,040	-	-	-	-	-	172,040
Summer school	33,570	-	-	-	-	-	33,570
Latchkey program	<u>122,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,541</u>
Total Fund Balance	\$ 1,751,843	\$ 1,137,632	\$ 4,035,190	\$ 5,058,845	\$ 9,662,199	\$ 2,526,349	\$ 24,172,058

11. CAPITAL PROJECT AUTHORIZATIONS

The District prepares annual operating budgets for the majority of the governmental funds; however, for the capital project funds project length budgets are prepared which are based on the project authorizations by the Board of Education. At June 30, 2015, individual project authorizations compared with project expenditures from inception are as follows:

	<u>Project authorizations</u>	<u>Expenditures project inception to June 30, 2015</u>
Bond Project	\$ 70,454,920	\$ 68,890,519
Westar Energy Solar Project	122,948	122,948
GraceMed Construction HRSA Grant Project	719,548	719,548

12. COMMITMENTS AND CONTINGENCIES

Commitments

At June 30, 2015, the District had outstanding commitments related to building and facility improvements and equipment acquisitions in the amount of \$8,097,798 from the Bond Project Fund and \$784,719 from the Capital Outlay Fund. In addition, at June 30, 2015 the District had commitments under a lease purchase agreement for facility energy improvements of \$2,682,246.

Grant programs

The District participates in a number of federal and state assisted grant programs that are subject to financial and compliance audits by the grantor agencies or their designee. Accordingly, the District's compliance with applicable grant requirements and any disallowed costs resulting from such audits, if any, could become a liability of the District. It is management's opinion that any such disallowed costs will not have a material affect on the financial statements of the District at June 30, 2015.

13. RESTATEMENT

On July 1, 2014, the District changed its method of accounting to adopt Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments to calculate and report the costs and obligation associated with

13. RESTATEMENT (continued)

pensions in their financial statements, including additional note disclosures and requirement supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

	<u>Governmental Activities</u>
Net position at June 30, 2014, as previously reported	\$ 40,180,089
Prior period adjustment for:	
Net pension liability at June 30, 2013	(64,591,784)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	<u>9,060,356</u>
Net position (deficit), June 30, 2014, as restated	<u>\$ (15,351,339)</u>

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through December 18, 2015, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Schedule of Employer Contributions

<u>Year</u>	<u>Annual OPEB Costs</u>	<u>Net Employer Contributions</u>	<u>Percentage Contributed</u>	<u>End of Year OPEB Obligation</u>
2012	\$188,661	\$ -	0%	\$ 188,661
2013	188,661	-	0%	377,322
2014	188,661	-	0%	565,983
2015	343,505	217,000	63%	692,488

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (b - a)</u>	<u>Funded Ratio (a ÷ b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percent of Covered Payroll ((b - a) ÷ c)</u>
2-1-12	\$ -	\$ 3,472,778	\$ 3,472,778	0.0%	\$21,199,820	16.4%
2-1-14	\$ -	\$ 2,957,681	\$ 2,957,681	0.0%	\$22,307,979	13.3%

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

KPERS PENSION PLAN

**Schedule of District's Proportionate Share of the Net Pension Liability
Last Ten Years ***

	<u>June 30, 2015</u>
District's proportionate share of the net pension liability	\$46,326,026
District's covered employee payroll	\$39,562,898
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	117.09%
Plan fiduciary net position as a percentage of the total pension liability	66.60%

**Schedule of District's Contributions
Last Ten Years ***

	<u>June 30, 2015</u>
Contractually required contribution	\$ 3,912,771
Contributions in relation to the contractually required contribution	<u>3,912,771</u>
Contribution deficiency (excess)	<u>\$ —</u>
District's covered employee payroll	\$39,562,898
Contributions as a percentage of covered employee payroll	9.90%

* – Data became available with the inception of GASB Statement No. 68 during fiscal year 2015, therefore 10 years of data is unavailable.

**COMBINING FINANCIAL STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

GENERAL FUND

The General Fund is used to account for all financial transactions not properly accounted for in another fund. It receives a greater variety and number of taxes and other general revenues than any other fund and these resources also finance a wider range of activities than any other fund. Under the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds established by statute are required to be included within the General Fund for financial reporting in accordance with generally accepted accounting principles (GAAP). Those combined funds for GAAP basis reporting are as follows:

General Fund – the fund of the District from which operating expenditures are paid and in which taxes levied, all general state aid, payments of federal funds made available under the provisions of Title I of Public Law 874 and such other moneys as provided by law are deposited.

Supplemental General Fund – used to account for revenue received and expenditures incurred related to the District's Local Option Budget (LOB). Moneys available under the LOB may be used for any purpose for which expenditures from the General Fund are authorized or may be transferred to the General Fund or any program weighted fund or categorical fund (as defined by Kansas statute) of the District.

Professional Development Fund – used to account for revenue received and expenditures incurred for teacher inservice training programs.

Summer School Fund – used to account for summer school fees collected and expenditures for summer school.

Contingency Reserve Fund – used to account for moneys transferred from the General Fund in accordance with Kansas statutes. The balance of this fund is limited to 10% of the General Fund budget of expenditures for the 2011-2012 school year and 6% for the 2012-2013 school year and thereafter.

Latchkey Program Fund – used to account for moneys received for childcare provided by the District and moneys expended for such childcare.

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

COMBINING BALANCE SHEET - GENERAL FUND

June 30, 2015

	<u>General</u>	<u>Supplemental General</u>	<u>Professional Development</u>	<u>Summer School</u>	<u>Contingency Reserve</u>	<u>Latchkey Program</u>	<u>Total</u>
<u>ASSETS</u>							
Assets:							
Cash including investments	\$ -	\$ 135,752	\$ 9,765	\$ 34,141	\$ 1,397,292	\$ 147,807	\$ 1,724,757
Due from other governments	2,610,016	200,157	-	-	-	-	2,810,173
Property taxes receivable	-	148,264	-	-	-	-	148,264
Total assets	<u>\$ 2,610,016</u>	<u>\$ 484,173</u>	<u>\$ 9,765</u>	<u>\$ 34,141</u>	<u>\$ 1,397,292</u>	<u>\$ 147,807</u>	<u>\$ 4,683,194</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
Liabilities:							
Accrued salaries and wages payable	\$ 1,060,348	\$ 130,279	\$ 286	\$ 571	\$ -	\$ 16,761	\$ 1,208,245
Accounts payable	128,517	33,590	9,479	-	12,819	8,505	192,910
Due to other funds	1,381,932	-	-	-	-	-	1,381,932
Total liabilities	<u>2,570,797</u>	<u>163,869</u>	<u>9,765</u>	<u>571</u>	<u>12,819</u>	<u>25,266</u>	<u>2,783,087</u>
Deferred inflows of resources:							
Property taxes receivable	-	148,264	-	-	-	-	148,264
Fund balances:							
Committed	-	-	-	-	1,384,473	-	1,384,473
Unassigned	39,219	172,040	-	33,570	-	122,541	367,370
Total fund balances	<u>39,219</u>	<u>172,040</u>	<u>-</u>	<u>33,570</u>	<u>1,384,473</u>	<u>122,541</u>	<u>1,751,843</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,610,016</u>	<u>\$ 484,173</u>	<u>\$ 9,765</u>	<u>\$ 34,141</u>	<u>\$ 1,397,292</u>	<u>\$ 147,807</u>	<u>\$ 4,683,194</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GENERAL FUND

Year Ended June 30, 2015

	<u>General</u>	<u>Supplemental General</u>	<u>Professional Development</u>	<u>Summer School</u>	<u>Contingency Reserve</u>	<u>Latchkey Program</u>	<u>Total</u>
Revenues:							
Taxes	\$ 38	\$ 6,630,393	\$ -	\$ -	\$ -	\$ -	\$ 6,630,431
Intergovernmental	23,749,764	3,663,140	125,000	-	246,213	-	27,784,117
Charges for services	-	-	-	11,865	-	501,218	513,083
Miscellaneous	<u>707,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>494</u>	<u>708,339</u>
Total revenues	<u>24,457,647</u>	<u>10,293,533</u>	<u>125,000</u>	<u>11,865</u>	<u>246,213</u>	<u>501,712</u>	<u>35,635,970</u>
Expenditures:							
Current:							
Instruction	19,674,620	2,485,955	-	5,560	163,089	-	22,329,224
Student support services	1,795	1,312,090	-	-	11,196	545,220	1,870,301
Instructional support services	21,082	1,388,799	125,000	-	4,385	-	1,539,266
General administration	4,068	711,678	-	-	-	-	715,746
School administration	2,638,394	161,652	-	-	10,513	-	2,810,559
Operation and maintenance of plant	238,161	4,160,320	-	913	2,369	-	4,401,763
Central support services	615,729	131,626	-	-	27,371	-	774,726
Student transportation services	726,853	8,448	-	-	469	-	735,770
Food service operations	-	-	-	-	120	-	120
Community service operations	156,456	-	-	-	-	-	156,456
Debt Service	<u>206,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,818</u>
Total expenditures	<u>24,283,976</u>	<u>10,360,568</u>	<u>125,000</u>	<u>6,473</u>	<u>219,512</u>	<u>545,220</u>	<u>35,540,749</u>
Revenues over (under) expenditures	173,671	(67,035)	-	5,392	26,701	(43,508)	95,221
Other financing sources (uses):							
Transfers out	<u>(134,452)</u>	<u>(165,548)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
Net change in fund balances	39,219	(232,583)	-	5,392	26,701	(43,508)	(204,779)
Fund balances, beginning of year	<u>-</u>	<u>404,623</u>	<u>-</u>	<u>28,178</u>	<u>1,357,772</u>	<u>166,049</u>	<u>1,956,622</u>
Fund balances, end of year	<u>\$ 39,219</u>	<u>\$ 172,040</u>	<u>\$ -</u>	<u>\$ 33,570</u>	<u>\$ 1,384,473</u>	<u>\$ 122,541</u>	<u>\$ 1,751,843</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS**SUPPLEMENTAL GENERAL FUND****SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS****Year ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 6,434,659	\$ 6,434,659	\$ 6,630,393	\$ 195,734
Intergovernmental	6,104,934	5,921,877	5,537,150	(384,727)
Transfers in	<u>—</u>	<u>—</u>	<u>195,990</u>	<u>195,990</u>
Total revenue	<u>12,539,593</u>	<u>12,356,536</u>	<u>12,363,533</u>	<u>6,997</u>
Expenditures and encumbrances:				
Instruction	2,733,000	2,549,943	2,520,768	29,175
Student support services	1,276,597	1,276,597	1,312,090	(35,493)
Instructional support services	1,693,064	1,693,064	1,525,458	167,606
School administration	163,622	163,622	161,652	1,970
General administration	716,215	716,215	711,678	4,537
Operation/maintenance of plant	4,305,130	4,305,130	4,160,320	144,810
Central support services	160,895	160,895	131,626	29,269
Student transportation services	16,731	16,731	8,448	8,283
Transfers out	<u>1,885,391</u>	<u>1,885,391</u>	<u>2,235,548</u>	<u>(350,157)</u>
Total expenditures and encumbrances	<u>12,950,645</u>	<u>12,767,588</u>	<u>12,767,588</u>	<u>—</u>
Revenue over (under) expenditures and encumbrances	(411,052)	(411,052)	(404,055)	6,997
Fund balance, beginning of year	<u>411,052</u>	<u>411,052</u>	<u>404,623</u>	<u>(6,429)</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 568</u>	<u>\$ 568</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

PROFESSIONAL DEVELOPMENT FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Transfers from other funds	\$ 125,000	\$ 125,000	\$ 125,000	\$ —
Expenditures and encumbrances:				
Instructional support services	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>—</u>
Revenue and other financing sources over (under) expenditures and encumbrances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

SUMMER SCHOOL FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Charges for services	\$ 22,229	\$ 22,229	\$ 11,865	\$ (10,364)
Expenditures:				
Instruction	46,628	46,628	5,560	41,068
Operations and maintenance	<u>3,779</u>	<u>3,779</u>	<u>913</u>	<u>2,866</u>
Total expenditures	<u>50,407</u>	<u>50,407</u>	<u>6,473</u>	<u>43,934</u>
Revenue and other financing sources over (under) expenditures	(28,178)	(28,178)	5,392	33,570
Fund balance, beginning of year	<u>28,178</u>	<u>28,178</u>	<u>28,178</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,570</u>	<u>\$ 33,570</u>

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following nonmajor Special Revenue Funds are reported:

Kansas Public Employees Retirement System Special Retirement Contribution Fund – used to account for the employer contributions to the Kansas Public Employees Retirement System (KPERS). These contributions are made by the State of Kansas to the District and then remitted by the District to KPERS.

Parent Education Program Fund – used to account for state aid received and expenditures incurred to operate a program of education of parents in the District regarding pre-school and selected educational problems of students.

Vocational Education Fund – used to account for revenue received and expenditures incurred for state and federal vocational aid programs and the District's efforts to increase access to advance placement classes and tests for low-income students and account for vocational programs administered in conjunction with the Carl Perkins Vocational Education Act.

Driver Training Fund – used to account for revenue and expenditures of moneys utilized in conducting driver education within the school system.

Recreation Fund – used to account for the receipt and disbursement of taxes levied on behalf of the Derby Recreation Commission as provided for by applicable state statutes.

Recreation Employee Benefits Fund – used to account for the receipt and disbursement of taxes levied on behalf of the Derby Recreation Commission for employee benefit expenditures as provided for by applicable State Statutes.

Food Service Fund – established pursuant to state law to account for all moneys received and expended attributable to the food service program. The program is administered according to the state plan of child nutrition operations under which federal funds are received pursuant to federal acts relating to child nutrition. The programs are administered and meals are served on a nonprofit basis.

Special Assessment Fund – used to account for tax moneys collected and expended to other taxing municipalities to pay the District's portion of special assessment taxes on District owned property. The fund is established and maintained in accordance with applicable state statutes.

Bilingual Education Fund – used to account for moneys received and expended to operate a program of bilingual education.

Four Year Old At Risk Fund – used to account for moneys allocated specifically for programs developed for four year olds identified as at risk pupils.

At Risk Fund – used to account for moneys allocated specifically for programs developed for kindergarten through 12th grade pupils who have been identified as at risk pupils.

Textbook Revolving Fund – used to account for textbook fees collected and expenditures incurred in conjunction with the purchase and maintenance of textbooks.

Athletic and Activity Fund – used to account for athletic and other activity gate receipts and the expenditures incurred related to those functions.

Special Grants Fund – used to account for revenue and expenditures of programs administered in conjunction with non-governmental grants awarded the District.

Kansas Beef Council Grant Fund – to account for special food service and nutrition related grants and contributions.

Title II A Fund – used to account for revenue and expenditures of programs in mathematics, science, computer learning or foreign language administered in conjunction with the Dwight D. Eisenhower Mathematics and Science Act.

Title I Fund – used to account for revenue and expenditures of programs administered in conjunction with the ESEA Chapter I (Low Income) Aid.

English Language Learners Title III Fund – used to account for revenues and expenditures related to the English Language Acquisition grant to assist children with limited English proficiency.

Kansas Coordinated School Health Grant Fund – used to account for revenues and expenditures related to the Coordinated School Health Program funded by the State of Kansas to help youth establish healthful behaviors and attitudes.

Project Lead The Way Fund – used to account for grant moneys received through the Wichita State University Foundation for the establishment of pre-engineering programs of study for middle school and high school students.

Alcohol and Drug Grant – City of Derby Fund – used to account for the appropriation of resources from the City of Derby for alcohol and drug education programs.

Derby Education Foundation/Boeing/Derby Community Foundation Grant Fund – used to account for grant moneys received from a collaboration of supporters to provide financial literacy education for K-12 students and teachers of the District.

Preschool Block Grant – The Opportunity Project Fund – used to account for grant moneys received through The Opportunity Project (TOP) Early Learning Centers which was awarded by the Kansas Department of Children and Families to support working families and offer full and half-day learning opportunities to TOP kids through a variety of learning activities and programs.

CAPITAL PROJECT FUNDS

The primary purpose of the Capital Project Fund is to account for the acquisition and construction of major capital facilities other than financed by proprietary and trust funds.

Westar Energy Solar Project Fund – use to account for donations received to provide for the construction and implementation of solar energy components for the Derby North Middle School facility.

GraceMed Construction HRSA Grant Fund – used to account for grant moneys received from the U.S. Department of Health and Human Services – Health Resources and Services Administration (HRSA) and contributions from GraceMed Health Clinic to construct a school based clinic at the District's Oaklawn Elementary School. The new facility will have space for medical and dental providers.

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

COMBINING BALANCE SHEET – ALL NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Assets:			
Cash including investments	\$ 2,996,858	\$ –	\$ 2,996,858
Due from other governments	34,420	–	34,420
Due from others	–	30,737	30,737
Property taxes receivable	<u>71,146</u>	<u>–</u>	<u>71,146</u>
Total assets	<u>\$ 3,102,424</u>	<u>\$ 30,737</u>	<u>\$ 3,133,161</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accrued salaries and wages payable	\$ 441,621	\$ –	\$ 441,621
Accounts payable	48,673	–	48,673
Due to other funds	<u>14,635</u>	<u>30,737</u>	<u>45,372</u>
Total liabilities	<u>504,929</u>	<u>30,737</u>	<u>535,666</u>
Deferred inflows of resources:			
Property taxes receivable	<u>71,146</u>	<u>–</u>	<u>71,146</u>
Fund balances:			
Restricted	1,714,578	–	1,714,578
Committed	<u>811,771</u>	<u>–</u>	<u>811,771</u>
Total fund balances	<u>2,526,349</u>	<u>–</u>	<u>2,526,349</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,102,424</u>	<u>\$ 30,737</u>	<u>\$ 3,133,161</u>

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2015

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes	\$ 3,069,976	\$ –	\$ 3,069,976
Intergovernmental	13,665,536	–	13,665,536
Charges for services	1,519,909	–	1,519,909
Use of money and property	441	–	441
Contributions	53,392	122,948	176,340
Miscellaneous	<u>33,443</u>	<u>–</u>	<u>33,443</u>
Total revenues	<u>18,342,697</u>	<u>122,948</u>	<u>18,465,645</u>
Expenditures:			
Current:			
Instruction	10,551,500	–	10,551,500
Student support services	508,741	–	508,741
Instructional support services	305,237	–	305,237
General administration	50,799	–	50,799
School administration	210,222	–	210,222
Operation and maintenance of plant	213,565	–	213,565
Central support services	31,745	–	31,745
Student transportation services	69,792	–	69,792
Food service operation	2,985,387	–	2,985,387
Recreation	2,994,068	–	2,994,068
Capital Outlay:			
Facilities acquisition and construction	<u>68,599</u>	<u>251,112</u>	<u>319,711</u>
Total expenditures	<u>17,989,655</u>	<u>251,112</u>	<u>18,240,767</u>
Revenues over (under) expenditures	353,042	(128,164)	224,878
Other financing sources – transfers in	<u>300,000</u>	<u>–</u>	<u>300,000</u>
Net change in fund balances	653,042	(128,164)	524,878
Fund balances, beginning of year	<u>1,873,307</u>	<u>128,164</u>	<u>2,001,471</u>
Fund balances, end of year	<u>\$ 2,526,349</u>	<u>\$ –</u>	<u>\$ 2,526,349</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(continued on next page)**

June 30, 2015

	<u>KPERS Special Retirement Contribution</u>	<u>Parent Education Program</u>	<u>Vocational Education</u>	<u>Driver Training</u>	<u>Recreation</u>
<u>ASSETS</u>					
Cash and investments	\$ -	\$ 3,491	\$ 408,269	\$ 29,025	\$ -
Due from other governments	-	-	6,484	-	-
Property taxes receivable	-	-	-	-	55,262
Total assets	<u>\$ -</u>	<u>\$ 3,491</u>	<u>\$ 414,753</u>	<u>\$ 29,025</u>	<u>\$ 55,262</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>					
Liabilities:					
Accrued salaries and wages payable	\$ -	\$ 3,491	\$ 67,335	\$ 363	\$ -
Accounts payable	-	-	5,973	-	-
Due to other funds	-	-	1,628	-	-
Total liabilities	<u>-</u>	<u>3,491</u>	<u>74,936</u>	<u>363</u>	<u>-</u>
Deferred inflows of resources:					
Property taxes receivable	-	-	-	-	55,262
Fund balances:					
Restricted	-	-	339,817	28,662	-
Committed	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>339,817</u>	<u>28,662</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 3,491</u>	<u>\$ 414,753</u>	<u>\$ 29,025</u>	<u>\$ 55,262</u>

<u>Recreation- Employee Benefits</u>	<u>Food Service</u>	<u>Special Assessment</u>	<u>Bilingual Education</u>	<u>Four Year Old At Risk</u>	<u>At Risk</u>	<u>Textbook Revolving</u>
\$ -	\$ 820,796	\$ 58,135	\$ 445,391	\$ -	\$ 726,262	\$ 376,012
-	-	-	-	-	-	-
<u>13,958</u>	<u>-</u>	<u>1,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 13,958</u>	<u>\$ 820,796</u>	<u>\$ 60,061</u>	<u>\$ 445,391</u>	<u>\$ -</u>	<u>\$ 726,262</u>	<u>\$ 376,012</u>

\$ -	\$ 1,289	\$ -	\$ 57,813	\$ -	\$ 274,469	\$ -
-	8,561	-	723	-	1,793	4,255
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>9,850</u>	<u>-</u>	<u>58,536</u>	<u>-</u>	<u>276,262</u>	<u>4,255</u>
<u>13,958</u>	<u>-</u>	<u>1,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	58,135	386,855	-	450,000	371,757
<u>-</u>	<u>810,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>810,946</u>	<u>58,135</u>	<u>386,855</u>	<u>-</u>	<u>450,000</u>	<u>371,757</u>
<u>\$ 13,958</u>	<u>\$ 820,796</u>	<u>\$ 60,061</u>	<u>\$ 445,391</u>	<u>\$ -</u>	<u>\$ 726,262</u>	<u>\$ 376,012</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(continued from previous page)**

June 30, 2015

	<u>Athletic and Activity</u>	<u>Special Grants</u>	<u>Kansas Beef Council Grant</u>	<u>Title IIA</u>	<u>Title I</u>	<u>English Language Learners Title III</u>
<u>ASSETS</u>						
Cash and investments	\$ 5,260	\$ 34,017	\$ 936	\$ 2,944	\$ 32,103	\$ 1,454
Due from other governments	-	-	-	6,497	-	4,570
Property taxes receivable	-	-	-	-	-	-
Total assets	<u>\$ 5,260</u>	<u>\$ 34,017</u>	<u>\$ 936</u>	<u>\$ 9,441</u>	<u>\$ 32,103</u>	<u>\$ 6,024</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>						
Liabilities:						
Accrued salaries and wages payable	\$ -	\$ -	\$ -	\$ -	\$ 29,830	\$ 2,038
Accounts payable	4,435	8,702	-	9,306	-	2,855
Due to other funds	-	-	-	-	-	1,131
Total liabilities	<u>4,435</u>	<u>8,702</u>	<u>-</u>	<u>9,306</u>	<u>29,830</u>	<u>6,024</u>
Deferred inflows of resources:						
Property taxes receivable	-	-	-	-	-	-
Fund balances:						
Restricted	-	25,315	936	135	2,273	-
Committed	825	-	-	-	-	-
Total fund balances	<u>825</u>	<u>25,315</u>	<u>936</u>	<u>135</u>	<u>2,273</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 5,260</u>	<u>\$ 34,017</u>	<u>\$ 936</u>	<u>\$ 9,441</u>	<u>\$ 32,103</u>	<u>\$ 6,024</u>

<u>Kansas Coordinated School Health Grant</u>	<u>Project Lead The Way</u>	<u>Alcohol And Drug Prevention Grant – City of Derby</u>	<u>Derby Education Foundation/ Boeing/Derby Community Foundation Grant</u>	<u>Preschool Block Grant – The Opportunity Project</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 1,881	\$ -	\$ 39,298	\$ 11,584	\$ -	\$ 2,996,858
-	-	-	-	16,869	34,420
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,146</u>
<u>\$ 1,881</u>	<u>\$ -</u>	<u>\$ 39,298</u>	<u>\$ 11,584</u>	<u>\$ 16,869</u>	<u>\$ 3,102,424</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,993	\$ 441,621
-	-	2,070	-	-	48,673
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,876</u>	<u>14,635</u>
<u>-</u>	<u>-</u>	<u>2,070</u>	<u>-</u>	<u>16,869</u>	<u>504,929</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,146</u>
1,881	-	37,228	11,584	-	1,714,578
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>811,771</u>
<u>1,881</u>	<u>-</u>	<u>37,228</u>	<u>11,584</u>	<u>-</u>	<u>2,526,349</u>
<u>\$ 1,881</u>	<u>\$ -</u>	<u>\$ 39,298</u>	<u>\$ 11,584</u>	<u>\$ 16,869</u>	<u>\$ 3,102,424</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
(continued on next page)**

Year ended June 30, 2015

	<u>KPERS Special Retirement Contribution</u>	<u>Parent Education Program</u>	<u>Vocational Education</u>	<u>Driver Training</u>	<u>Recreation</u>
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,390,291
Intergovernmental	3,550,513	241,377	1,288,919	9,486	-
Charges for services	-	-	-	22,502	-
Use of money and property	-	-	-	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	3,005	28,268	-	-
Total revenues	<u>3,550,513</u>	<u>244,382</u>	<u>1,317,187</u>	<u>31,988</u>	<u>2,390,291</u>
Expenditures:					
Current:					
Instruction	2,644,169	-	1,083,998	22,844	-
Student support services	228,867	240,389	-	-	-
Instructional support services	75,329	-	-	-	-
General administration	44,143	-	-	-	-
School administration	208,712	-	-	-	-
Operation/maintenance of plant	183,284	639	-	1,480	-
Central support services	25,428	3,317	-	-	-
Student transportation services	69,571	37	-	-	-
Food service operation	71,010	-	-	-	-
Recreation	-	-	-	-	2,390,291
Facilities acquisition and construction	-	-	-	-	-
Total expenditures	<u>3,550,513</u>	<u>244,382</u>	<u>1,083,998</u>	<u>24,324</u>	<u>2,390,291</u>
Revenues over (under) expenditures	-	-	233,189	7,664	-
Other financing uses – transfers in	-	-	-	-	-
Net change in fund balances	-	-	233,189	7,664	-
Fund balances, beginning of year	-	-	106,628	20,998	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,817</u>	<u>\$ 28,662</u>	<u>\$ -</u>

<u>Recreation- Employee Benefits</u>	<u>Food Service</u>	<u>Special Assessment</u>	<u>Bilingual Education</u>	<u>Four Year Old At Risk</u>	<u>At Risk</u>	<u>Textbook Revolving</u>
\$ 603,777	\$ -	\$ 75,908	\$ -	\$ -	\$ -	\$ -
-	1,911,544	-	1,242,093	105,545	4,108,387	-
-	1,083,025	-	-	-	-	288,650
-	441	-	-	-	-	-
-	-	-	-	-	-	-
-	2,170	-	-	-	-	-
<u>603,777</u>	<u>2,997,180</u>	<u>75,908</u>	<u>1,242,093</u>	<u>105,545</u>	<u>4,108,387</u>	<u>288,650</u>
-	-	-	1,092,120	105,545	3,957,899	458,716
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	22,686	-	-	-	488	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,913,183	-	-	-	-	-
603,777	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>68,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>603,777</u>	<u>2,935,869</u>	<u>68,599</u>	<u>1,092,120</u>	<u>105,545</u>	<u>3,958,387</u>	<u>458,716</u>
-	61,311	7,309	149,973	-	150,000	(170,066)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
-	61,311	7,309	149,973	-	150,000	129,934
<u>-</u>	<u>749,635</u>	<u>50,826</u>	<u>236,882</u>	<u>-</u>	<u>300,000</u>	<u>241,823</u>
<u>\$ -</u>	<u>\$ 810,946</u>	<u>\$ 58,135</u>	<u>\$ 386,855</u>	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ 371,757</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
(continued from previous page)**

Year ended June 30, 2015

	<u>Athletic and Activity</u>	<u>Special Grants</u>	<u>Kansas Beef Council Grant</u>	<u>Title II A</u>	<u>Title I</u>	<u>English Language Learners Title III</u>
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	203,564	926,619	34,374
Charges for services	125,632	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Contributions	-	51,992	1,400	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>125,632</u>	<u>51,992</u>	<u>1,400</u>	<u>203,564</u>	<u>926,619</u>	<u>34,374</u>
Expenditures:						
Current:						
Instruction	123,309	57,988	60	-	888,677	60,985
Student support services	-	-	-	-	35,485	-
Instructional support services	-	2,031	-	227,234	-	-
General administration	-	-	-	6,656	-	-
School administration	1,510	-	-	-	-	-
Operation/maintenance of plant	-	4,988	-	-	-	-
Central support services	-	-	-	-	-	-
Student transportation services	-	-	-	-	184	-
Food service operation	-	-	1,194	-	-	-
Recreation	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total expenditures	<u>124,819</u>	<u>65,007</u>	<u>1,254</u>	<u>233,890</u>	<u>924,346</u>	<u>60,985</u>
Revenues over (under) expenditures	813	(13,015)	146	(30,326)	2,273	(26,611)
Other financing sources – transfers in	-	-	-	-	-	-
Net change in fund balances	813	(13,015)	146	(30,326)	2,273	(26,611)
Fund balances, beginning of year	<u>12</u>	<u>38,330</u>	<u>790</u>	<u>30,461</u>	<u>-</u>	<u>26,611</u>
Fund balances, end of year	<u>\$ 825</u>	<u>\$ 25,315</u>	<u>\$ 936</u>	<u>\$ 135</u>	<u>\$ 2,273</u>	<u>\$ -</u>

<u>Kansas Coordinated School Health Grant</u>	<u>Project Lead The Way</u>	<u>Alcohol And Drug Prevention Grant – City of Derby</u>	<u>Derby Education Foundation/ Boeing/Derby Community Foundation Grant</u>	<u>Preschool Block Grant – The Opportunity Project</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,069,976
-	-	-	-	43,115	13,665,536
100	-	-	-	-	1,519,909
-	-	-	-	-	441
-	-	-	-	-	53,392
-	-	-	-	-	33,443
<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,115</u>	<u>18,342,697</u>
675	14,400	-	-	40,115	10,551,500
100	-	3,900	-	-	508,741
-	-	643	-	-	305,237
-	-	-	-	-	50,799
-	-	-	-	-	210,222
-	-	-	-	-	213,565
-	-	-	-	3,000	31,745
-	-	-	-	-	69,792
-	-	-	-	-	2,985,387
-	-	-	-	-	2,994,068
-	-	-	-	-	68,599
<u>775</u>	<u>14,400</u>	<u>4,543</u>	<u>-</u>	<u>43,115</u>	<u>17,989,655</u>
(675)	(14,400)	(4,543)	-	-	353,042
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
(675)	(14,400)	(4,543)	-	-	653,042
<u>2,556</u>	<u>14,400</u>	<u>41,771</u>	<u>11,584</u>	<u>-</u>	<u>1,873,307</u>
<u>\$ 1,881</u>	<u>\$ -</u>	<u>\$ 37,228</u>	<u>\$ 11,584</u>	<u>\$ -</u>	<u>\$ 2,526,349</u>

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

DEBT SERVICE FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 3,396,326	\$ 3,396,326	\$ 3,384,849	\$ (11,477)
Intergovernmental	<u>1,220,299</u>	<u>1,220,299</u>	<u>1,220,299</u>	<u>—</u>
Total revenue	<u>4,616,625</u>	<u>4,616,625</u>	<u>4,605,148</u>	<u>(11,477)</u>
Expenditures:				
Principal	1,365,000	1,365,000	1,365,000	—
Interest and fiscal charges	<u>2,702,663</u>	<u>2,702,663</u>	<u>2,702,662</u>	<u>1</u>
Total expenditures	<u>4,067,663</u>	<u>4,067,663</u>	<u>4,067,662</u>	<u>1</u>
Revenue over expenditures	548,962	548,962	537,486	(11,476)
Fund balance, beginning of year	<u>3,466,068</u>	<u>3,466,068</u>	<u>3,497,704</u>	<u>31,636</u>
Fund balance, end of year	<u>\$ 4,015,030</u>	<u>\$ 4,015,030</u>	<u>\$ 4,035,190</u>	<u>\$ 20,160</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

CAPITAL OUTLAY FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
(continued on next page)**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenue and other sources:				
Taxes	\$ 2,571,214	\$ 2,571,214	\$ 2,566,778	\$ (4,436)
Intergovernmental	793,566	793,566	504,027	(289,539)
Use of money and property	22,000	22,000	194,160	172,160
Miscellaneous	354,724	354,724	127,020	(227,704)
Proceeds from lease purchase	<u>–</u>	<u>–</u>	<u>3,340,292</u>	<u>3,340,292</u>
Total revenue and other sources	<u>3,741,504</u>	<u>3,741,504</u>	<u>6,732,277</u>	<u>2,990,773</u>
Expenditures and encumbrances:				
Instruction	2,088,241	2,088,241	1,234,868	853,373
Student support services	–	–	1,676	(1,676)
Instructional support staff	–	–	561	(561)
General administration	–	–	4,883	(4,883)
School administration	–	–	31,404	(31,404)
Operation/maintenance of plant	1,395,786	1,395,786	2,485,894	(1,090,108)
Central support services	45,000	45,000	6,371	38,629
Community support services	–	–	50,360	(50,360)
Student transportation services	205,000	205,000	9,973	195,027
Interest and fiscal charges	34,098	34,098	54,889	(20,791)
Principal	150,000	150,000	1,125,020	(975,020)
Facilities acquisition/improvements	<u>1,437,172</u>	<u>1,437,172</u>	<u>876,023</u>	<u>561,149</u>
Total expenditures and encumbrances	<u>5,355,297</u>	<u>5,355,297</u>	<u>5,881,922</u>	<u>(526,625)</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

CAPITAL OUTLAY FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Budget credit – long-term debt proceeds	\$ <u>—</u>	\$ <u>3,340,292</u>	\$ <u>—</u>	\$ <u>3,340,292</u>
Total expenditures for budgetary comparison	<u>5,355,297</u>	<u>8,695,589</u>	5,881,922	<u>2,813,667</u>
Revenue and other sources over (under) expenditures and encumbrances	(1,613,793)	(1,613,793)	850,355	2,464,148
Fund balance, beginning of year	<u>3,423,774</u>	<u>3,423,774</u>	<u>3,423,770</u>	<u>(4)</u>
Fund balance, end of year	<u>\$ 1,809,981</u>	<u>\$ 1,809,981</u>	<u>\$ 4,274,125</u>	<u>\$ 2,464,144</u>

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
SPECIAL RETIREMENT CONTRIBUTION FUND**

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Intergovernmental	<u>\$4,521,728</u>	<u>\$4,521,728</u>	<u>\$3,550,513</u>	<u>\$ (971,215)</u>
Expenditures:				
Instruction	3,294,531	3,294,531	2,644,169	650,362
Student support services	313,944	313,944	228,867	85,077
Instructional support services	126,789	126,789	75,329	51,460
General administration	72,438	72,438	44,143	28,295
School administration	273,836	273,836	208,712	65,124
Central support services	50,977	50,977	25,428	25,549
Operations and maintenance	207,547	207,547	183,284	24,263
Transportation services	107,074	107,074	69,571	37,503
Food service	<u>74,592</u>	<u>74,592</u>	<u>71,010</u>	<u>3,582</u>
Total expenditures	<u>4,521,728</u>	<u>4,521,728</u>	<u>3,550,513</u>	<u>971,215</u>
Revenue over expenditures	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

PARENT EDUCATION PROGRAM FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Intergovernmental	\$ 127,000	\$ 127,000	\$ 127,000	\$ –
Miscellaneous	4,000	4,000	3,005	(995)
Transfers from other funds	<u>115,550</u>	<u>115,550</u>	<u>114,377</u>	<u>(1,173)</u>
 Total revenue and other financing sources	 <u>246,550</u>	 <u>246,550</u>	 <u>244,382</u>	 <u>(2,168)</u>
Expenditures and encumbrances:				
Student support services	244,550	244,550	240,389	4,161
Central support services	2,000	2,000	3,317	(1,317)
Operations and maintenance	–	–	639	(639)
Transportation services	<u>–</u>	<u>–</u>	<u>37</u>	<u>(37)</u>
 Total expenditures and encumbrances	 <u>246,550</u>	 <u>246,550</u>	 <u>244,382</u>	 <u>2,168</u>
Revenue and other financing sources over (under) expenditures and encumbrances	 –	 –	 –	 –
Fund balance, beginning of year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
 Fund balance, end of year	 <u>\$ –</u>	 <u>\$ –</u>	 <u>\$ –</u>	 <u>\$ –</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

VOCATIONAL EDUCATION FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenue and other financing sources:				
Intergovernmental	\$ 174,900	\$ 174,900	\$ 63,290	\$ (111,610)
Miscellaneous	—	—	28,268	28,268
Transfers from other funds	<u>1,059,129</u>	<u>1,059,129</u>	<u>1,225,629</u>	<u>166,500</u>
Total revenue and other financing sources	<u>1,234,029</u>	<u>1,234,029</u>	<u>1,317,187</u>	<u>83,158</u>
Expenditures:				
Instruction	1,334,781	1,334,781	1,083,998	250,783
Transportation services	<u>16,556</u>	<u>16,556</u>	<u>—</u>	<u>16,556</u>
Total expenditures	<u>1,351,337</u>	<u>1,351,337</u>	<u>1,083,998</u>	<u>267,339</u>
Revenue and other financing sources over (under) expenditures	(117,308)	(117,308)	233,189	350,497
Fund balance, beginning of year	<u>117,308</u>	<u>117,308</u>	<u>106,628</u>	<u>(10,680)</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 339,817</u>	<u>\$ 339,817</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

DRIVER TRAINING FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenue and other financing sources:				
Intergovernmental	\$ 6,970	\$ 6,970	\$ 9,486	\$ 2,516
Charges for services	<u>25,000</u>	<u>25,000</u>	<u>22,502</u>	<u>(2,498)</u>
Total revenue and other financing sources	<u>31,970</u>	<u>31,970</u>	<u>31,988</u>	<u>18</u>
Expenditures and encumbrances:				
Instruction	39,231	39,231	22,844	16,387
Operation and maintenance of plant	<u>13,739</u>	<u>13,739</u>	<u>1,480</u>	<u>12,259</u>
Total expenditures and encumbrances	<u>52,970</u>	<u>52,970</u>	<u>24,324</u>	<u>28,646</u>
Revenues and other financing sources over (under) expenditures and encumbrances	(21,000)	(21,000)	7,664	28,664
Fund balance, beginning of year	<u>21,000</u>	<u>21,000</u>	<u>20,998</u>	<u>(2)</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 28,662</u>	<u>\$ 28,662</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

RECREATION FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenue:				
Taxes	\$ 2,394,400	\$ 2,394,400	\$ 2,390,291	\$ (4,109)
Charges for services	<u>253,600</u>	<u>253,600</u>	<u>—</u>	<u>(253,600)</u>
Total revenue	2,648,000	2,648,000	2,390,291	(257,709)
Expenditures and other financing uses:				
Appropriation to recreation commission	<u>2,648,000</u>	<u>2,648,000</u>	<u>2,390,291</u>	<u>257,709</u>
Revenue over expenditures and other financing uses	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

RECREATION - EMPLOYEE BENEFITS FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenue:				
Taxes	\$ 604,850	\$ 604,850	\$ 603,777	\$ (1,073)
Miscellaneous	<u>15,150</u>	<u>15,150</u>	<u>—</u>	<u>(15,150)</u>
Total revenue	620,000	620,000	603,777	(16,233)
Expenditures and other financing uses:				
Appropriation to recreation commission	<u>620,000</u>	<u>620,000</u>	<u>603,777</u>	<u>16,233</u>
Revenue over expenditures and other financing uses	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

FOOD SERVICE FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Intergovernmental	\$ 1,782,593	\$ 1,782,593	\$1,911,544	\$ 128,951
Charges for services	1,417,573	1,417,573	1,083,025	(334,548)
Miscellaneous	15,000	15,000	2,170	(12,830)
Use of money and property	<u>1,000</u>	<u>1,000</u>	<u>441</u>	<u>(559)</u>
Total revenue	<u>3,216,166</u>	<u>3,216,166</u>	<u>2,997,180</u>	<u>(218,986)</u>
Expenditures and encumbrances:				
Operation and maintenance of plant	35,314	35,314	22,686	12,628
Food service operations	<u>3,407,938</u>	<u>3,407,938</u>	<u>2,911,797</u>	<u>496,141</u>
Total expenditures and encumbrances	<u>3,443,252</u>	<u>3,443,252</u>	<u>2,934,483</u>	<u>508,769</u>
Revenue over (under) expenditures and encumbrances	(227,086)	(227,086)	62,697	289,783
Fund balance, beginning of year	<u>754,674</u>	<u>754,674</u>	<u>734,084</u>	<u>(20,590)</u>
Fund balance, end of year	<u>\$ 527,588</u>	<u>\$ 527,588</u>	<u>\$ 796,781</u>	<u>\$ 269,193</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

SPECIAL ASSESSMENT FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 75,675	\$ 75,675	\$ 75,908	\$ 233
Expenditures:				
Facilities acquisition	<u>129,350</u>	<u>129,350</u>	<u>68,599</u>	<u>60,751</u>
Revenues over (under) expenditures	(53,675)	(53,675)	7,309	60,984
Fund balance, beginning of year	<u>53,675</u>	<u>53,675</u>	<u>50,826</u>	<u>(2,849)</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 58,135</u>	<u>\$ 58,135</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

BILINGUAL EDUCATION FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Transfers from other funds	\$1,134,242	\$1,134,242	\$1,242,093	\$ 107,851
Expenditures and encumbrances:				
Instruction	<u>1,371,127</u>	<u>1,371,127</u>	<u>1,092,120</u>	<u>279,007</u>
Revenue and other financing sources over expenditures and encumbrances	(236,885)	(236,885)	149,973	386,858
Fund balance, beginning of year	<u>236,885</u>	<u>236,885</u>	<u>236,882</u>	<u>(3)</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 386,855</u>	<u>\$ 386,855</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

FOUR YEAR OLD AT RISK FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other sources:				
Transfers in	\$ 117,040	\$ 117,040	\$ 105,545	\$ (11,495)
Expenditures:				
Instruction	<u>117,040</u>	<u>117,040</u>	<u>105,545</u>	<u>11,495</u>
Revenue and other sources over (under) expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

AT RISK FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other sources:				
Transfers in	<u>\$ 3,658,385</u>	<u>\$ 3,658,385</u>	<u>\$ 4,108,387</u>	<u>\$ 450,002</u>
Expenditures and encumbrances:				
Instruction	<u>3,958,387</u>	<u>3,958,387</u>	<u>3,957,899</u>	<u>488</u>
Student transportation services	<u>—</u>	<u>—</u>	<u>488</u>	<u>(488)</u>
Total expenditures and encumbrances	<u>3,958,387</u>	<u>3,958,387</u>	<u>3,958,387</u>	<u>—</u>
Revenue and other sources over expenditures and encumbrances	<u>(300,002)</u>	<u>(300,002)</u>	<u>150,000</u>	<u>450,002</u>
Fund balance, beginning of year	<u>300,002</u>	<u>300,002</u>	<u>300,000</u>	<u>(2)</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 450,000</u>	<u>\$ 450,000</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
COMBINING BALANCE SHEET – ALL NONMAJOR CAPITAL PROJECT FUNDS

June 30, 2015

	Westar Energy Solar Project <u>Fund</u>	GraceMed Construction HRSA Grant <u>Fund</u>	Total Nonmajor Capital Project <u>Funds</u>
<u>ASSETS</u>			
Assets:			
Due from others	\$ <u>30,737</u>	\$ <u>—</u>	\$ <u>30,737</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to other funds	\$ 30,737	\$ —	\$ 30,737
Fund balances:			
Restricted	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 30,737</u>	<u>\$ —</u>	<u>\$ 30,737</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL NONMAJOR CAPITAL PROJECT FUNDS**

Year Ended June 30, 2015

	Westar Energy Solar Project Fund	GraceMed Construction HRSA Grant Fund	Total Nonmajor Capital Project Funds
Revenues:			
Contributions	\$ 122,948	\$ —	\$ 122,948
Expenditures:			
Capital Outlay:			
Facilities acquisition and construction	<u>122,948</u>	<u>128,164</u>	<u>251,112</u>
Net change in fund balances	—	(128,164)	(128,164)
Fund balances, beginning of year	<u>—</u>	<u>128,164</u>	<u>128,164</u>
Fund balances, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

AGENCY FUNDS

Payroll Deductions Fund – to account for the various taxes and other elected withholdings from employees of the District.

Sales Tax Agency Fund – to account for the collection of State and local sales tax on miscellaneous taxable sales of the District, generally fund raising activities of the student activity funds.

Student Activity Funds – to account for moneys held on behalf of the various student organizations.

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
(continued on next page)**

Year ended June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<u>Payroll Deductions Fund</u>				
Assets:				
Cash and investments	<u>\$ 426,207</u>	<u>\$ 26,704,569</u>	<u>\$ 25,491,229</u>	<u>\$1,639,547</u>
Liabilities:				
Payroll withholdings payable	<u>\$ 426,207</u>	<u>\$ 26,704,569</u>	<u>\$ 25,491,229</u>	<u>\$1,639,547</u>
<u>Sales Tax Payable Fund</u>				
Assets:				
Cash and investments	\$ 71	\$ 27,484	\$ 26,883	\$ 672
Due from other governments	<u>3,173</u>	<u>1,336</u>	<u>3,173</u>	<u>1,336</u>
Total assets	<u>\$ 3,244</u>	<u>\$ 28,820</u>	<u>\$ 30,056</u>	<u>\$ 2,008</u>
Liabilities:				
Sales tax payable	\$ 71	\$ 27,484	\$ 26,883	\$ 672
Due to other funds	<u>3,173</u>	<u>1,336</u>	<u>3,173</u>	<u>1,336</u>
	<u>\$ 3,244</u>	<u>\$ 28,820</u>	<u>\$ 30,056</u>	<u>\$ 2,008</u>
<u>Student Activity Funds</u>				
Assets:				
Cash and investments	\$ 358,525	\$ 697,609	\$ 657,151	\$ 398,983
Due from other funds	<u>3,173</u>	<u>1,336</u>	<u>3,173</u>	<u>1,336</u>
Total assets	<u>\$ 361,698</u>	<u>\$ 698,945</u>	<u>\$ 660,324</u>	<u>\$ 400,319</u>
Liabilities:				
Due to student organizations	<u>\$ 361,698</u>	<u>\$ 695,772</u>	<u>\$ 657,151</u>	<u>\$ 400,319</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
(continued from previous page)**

Year ended June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<u>Totals – All Agency Funds</u>				
Assets:				
Cash and investments	\$ 784,803	\$ 27,429,662	\$ 26,175,263	\$2,039,202
Due from other funds	3,173	1,336	3,173	1,336
Due from other governments	<u>3,173</u>	<u>1,336</u>	<u>3,173</u>	<u>1,336</u>
Total assets	<u>\$ 791,149</u>	<u>\$ 27,432,334</u>	<u>\$ 26,181,609</u>	<u>\$2,041,874</u>
Liabilities:				
Payroll withholdings and taxes payable	\$ 426,278	\$ 26,732,053	\$ 25,518,112	\$1,640,219
Due to student organizations	361,698	695,772	657,151	400,319
Due to other funds	<u>3,173</u>	<u>1,336</u>	<u>3,173</u>	<u>1,336</u>
Total liabilities	<u>\$ 791,149</u>	<u>\$ 27,429,161</u>	<u>\$ 26,178,436</u>	<u>\$2,041,874</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Derby Unified School District No. 260's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends.....	97
<i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	
Revenue Capacity	103
<i>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</i>	
Debt Capacity	107
<i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information.....	111
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	
Operating Information	113
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
NET POSITION BY COMPONENT OF GOVERNMENTAL ACTIVITIES
LAST TEN YEARS

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Position										
Invested in capital assets,										
Net of related debt	\$ 21,958,292	\$ 23,523,361	\$ 24,903,553	\$ 24,968,016	\$ 26,150,495	\$ 30,108,339	\$ 32,137,347	\$ 33,680,814	\$ 40,266,732	\$ 39,027,456
Restricted for										
Debt service	3,719,461	3,658,642	3,439,822	3,270,419	3,118,073	2,986,754	2,864,462	3,340,724	3,497,704	4,035,190
Restricted for educational										
Services	-	-	-	-	-	-	7,598,700	3,449,022	1,309,607	9,996,247
Unrestricted	<u>6,532,752</u>	<u>6,532,752</u>	<u>4,699,943</u>	<u>721,626</u>	<u>3,340,187</u>	<u>3,344,898</u>	<u>(4,563,609)</u>	<u>(1,957,913)</u>	<u>(60,425,382) *</u>	<u>(59,166,086)</u>
	<u>\$ 32,210,505</u>	<u>\$ 31,881,946</u>	<u>\$ 32,503,502</u>	<u>\$ 28,960,061</u>	<u>\$ 32,608,755</u>	<u>\$ 36,439,991</u>	<u>\$ 38,036,900</u>	<u>\$ 38,512,647</u>	<u>\$ (15,351,339)</u>	<u>\$ (6,107,193)</u>

Source: School District Financial Records.

6* 2014 Re-slated for implementation of GASB Statement No. 68

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
(continued from previous page)

FISCAL YEAR

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses									
Governmental Activities									
Primary Government:									
Instruction	\$ 36,906,981	\$ 39,964,878	\$ 41,801,583	\$ 45,933,218	\$ 39,935,084	\$ 41,938,811	\$ 42,403,455	\$42,459,420	\$43,209,151
Student support services	3,055,337	3,453,444	3,402,703	4,342,434	3,859,961	3,599,410	4,109,789	4,262,776	3,935,280
Instructional support services	1,975,791	2,261,259	2,423,095	2,840,379	2,076,912	2,079,879	2,140,007	1,990,559	2,177,544
General administration	905,130	869,503	858,951	1,006,524	856,771	695,498	903,615	967,197	1,135,450
School administration	2,477,523	2,826,299	2,933,587	3,156,013	2,905,464	2,955,668	2,957,498	3,009,629	3,000,687
Operations and maintenance	5,376,315	5,711,013	5,940,673	6,962,041	6,169,698	6,349,247	5,813,514	6,651,140	5,972,752
Central support services	2,043,754	991,933	934,121	1,180,981	754,074	847,771	777,962	889,976	1,182,908
Student transportation	1,589,865	1,468,421	1,208,893	1,332,155	1,325,848	1,290,689	1,384,395	1,448,386	1,239,101
Food service operations	2,359,959	2,585,769	2,666,859	2,761,920	2,739,409	2,769,580	2,903,048	3,005,371	2,992,931
Community service operations	106,962	78,912	91,439	102,471	168,897	171,640	127,363	133,609	127,268
Recreation	1,966,711	2,708,217	2,461,276	2,711,556	2,836,889	2,964,864	2,973,777	3,015,576	2,978,234
Interest on long-term debt	1,398,411	1,274,875	1,145,524	1,117,003	741,001	308,101	288,688	2,390,052	2,296,571
Total Primary Government	\$ 60,162,739	\$ 63,564,523	\$ 65,868,704	\$ 73,446,695	\$ 64,370,008	\$ 65,971,158	\$ 66,783,111	\$70,223,691	\$70,247,877
Program revenues									
Governmental Activities									
Charges for Services									
Instruction	\$ 945,588	\$ 919,704	\$ 966,560	\$ 1,007,684	\$ 968,107	\$ 1,075,769	\$ 1,235,358	\$ 1,000,939	\$ 1,150,115
Student support services	332,638	326,329	362,991	436,712	439,278	483,125	499,399	465,285	544,375
Instructional support services	189	-	-	75	3,008	376	-	-	-
General administration	4,082	523	680	596	472	443	682	494	300
School administration	501	6,164	1,407	3,490	5,973	2,122	5,579	1,687	-
Operations and maintenance	19,030	16,790	23,327	82,743	16,275	47,969	49,833	56,215	12,095
Central support services	-	-	40	16	20	-	183	38	53
Student transportation	1,815	1,307	1,360	1,192	687	37,223	44,815	28,571	1,010
Food service operations	1,246,266	1,260,128	1,283,333	1,314,903	1,256,137	1,176,783	1,224,796	1,144,688	1,117,775
Recreation	-	-	-	-	214	-	-	-	-
Operating grants and contributions	12,116,305	12,702,135	13,712,249	14,930,044	16,586,878	15,933,077	15,198,486	14,794,195	15,790,525
Capital grants and contributions	-	-	-	579,954	384,380	1,694,573	213,427	719,548	-
Total Government program revenues	\$ 14,666,414	\$ 15,233,080	\$ 16,351,947	\$ 18,357,409	\$ 19,661,429	\$ 20,451,460	\$ 18,472,558	\$ 18,211,660	\$ 18,616,248
NET (Expense)/Revenue									
Total Government net expense	<u>\$ (45,496,325)</u>	<u>\$ (48,331,443)</u>	<u>\$ (49,516,757)</u>	<u>\$ (55,089,286)</u>	<u>\$ (44,708,579)</u>	<u>\$ (45,519,698)</u>	<u>\$ (48,310,553)</u>	<u>\$ (52,012,031)</u>	<u>\$ (51,631,629)</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
(continued from previous page)

	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues									
Property taxes levied for:									
General purposes	\$ 11,942,301	\$ 12,983,259	\$ 13,939,381	\$ 15,743,009	\$ 16,560,040	\$ 18,157,499	\$ 18,413,459	\$ 18,248,040	\$ 18,520,372
Debt service	2,528,585	2,528,658	2,157,933	2,408,125	2,460,306	2,755,003	2,262,488	3,308,340	3,287,031
Capital Outlay	1,297,078	1,325,516	1,432,952	1,552,364	1,621,083	2,457,491	2,494,718	2,575,411	2,551,930
Grants and entitlements not restricted to specific programs	28,640,229	30,231,018	31,904,811	31,722,462	27,693,319	25,953,157	26,535,940	27,966,231	28,675,797
Investment earnings	648,715	934,433	703,236	119,885	22,525	27,784	200,857	389,756	263,941
Total General Revenue	<u>\$ 45,056,908</u>	<u>\$ 48,002,884</u>	<u>\$ 50,138,313</u>	<u>\$ 51,545,845</u>	<u>\$ 48,357,273</u>	<u>\$ 49,350,934</u>	<u>\$ 49,907,462</u>	<u>\$ 52,487,778</u>	<u>\$ 53,299,071</u>
Change in Net Position									
Total Government change in net position	<u>\$ (439,417)</u>	<u>\$ (328,559)</u>	<u>\$ 621,556</u>	<u>\$ (3,543,441)</u>	<u>\$ 3,648,694</u>	<u>\$ 3,831,236</u>	<u>\$ 1,596,909</u>	<u>\$ 475,747</u>	<u>\$ 1,667,442</u>

Source: School District Financial Records

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

		FISCAL YEAR									
		2006	2007	2008	2009	2010	2011(1)	2012	2013	2014	2015
General Fund											
Reserved for Encumbrances	\$	910,197	\$ 315,325	\$ 345,398	\$ 125,113	\$ 218,379	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved :											
Designated for subsequent years' expenditures		14,248	-	-	-	-	-	-	-	-	-
Committed		-	-	-	-	-	2,802,617	2,228,647	2,124,720	1,357,772	1,384,473
Assigned		-	-	-	-	-	557,396	684,160	509,451	404,623	-
Unassigned		-	-	-	-	-	566,685	191,890	234,610	194,227	367,370
Total General Fund	\$	<u>924,445</u>	<u>315,325</u>	<u>345,398</u>	<u>125,113</u>	<u>218,379</u>	<u>3,926,698</u>	<u>3,104,697</u>	<u>2,868,781</u>	<u>1,956,622</u>	<u>1,751,843</u>
All Other Governmental Funds											
Reserved for Encumbrances	\$	851,441	\$ 613,068	\$ 1,156,120	\$ 1,031,879	\$ 581,224	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for debt service		7,666,687	7,650,492	7,634,297	7,618,102	3,118,078	-	-	-	-	-
Unreserved:											
Designated for subsequent years' expenditures, reported in:											
Special revenue funds		2,303,547	2,637,702	2,405,035	2,322,736	2,533,078	-	-	-	-	-
Debt service fund		3,719,461	3,658,642	3,439,822	3,270,419	-	-	-	-	-	-
Capital project funds		5,921,366	5,769,152	5,843,955	4,611,569	4,816,542	-	-	-	-	-
Undesignated, reported in:											
Special revenue funds		3,232,912	3,072,117	2,547,110	2,314,034	2,769,992	-	-	-	-	-
Capital project fund		-	-	-	(129,427)	212,000	-	-	-	-	-
Restricted		-	-	-	-	-	10,327,764	10,463,162	62,641,858	13,903,316	9,996,247
Committed		-	-	-	-	-	231,571	2,550,013	13,892,282	38,458,136	12,423,968
Assigned		-	-	-	-	-	-	684,160	509,451	-	-
Unassigned		-	-	-	-	-	-	111,965	234,610	-	-
Total All other Governmental funds	\$	<u>23,695,414</u>	<u>23,401,173</u>	<u>23,026,339</u>	<u>21,039,312</u>	<u>14,030,914</u>	<u>10,559,335</u>	<u>13,809,300</u>	<u>77,278,201</u>	<u>52,361,452</u>	<u>22,420,215</u>

Source: School District Financial Records.

(1) Implementation of GASB 54.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes	\$ 15,767,964	\$ 16,837,433	\$ 17,530,266	\$ 19,703,498	\$ 20,641,429	\$ 23,369,993	\$ 23,170,665	\$ 24,131,791	\$ 24,359,333	\$ 15,652,034
Intergovernmental	40,275,677	42,474,553	45,218,891	46,614,421	44,192,227	43,216,064	41,779,453	42,980,912	43,728,185	53,097,552
Charges for services	2,521,617	2,521,420	2,628,166	2,791,509	2,687,571	2,005,805	2,159,566	2,190,719	2,150,389	2,048,765
Investment earnings	911,921	1,197,638	966,441	383,091	154,128	27,784	200,857	390,110	266,142	57,855
Miscellaneous	246,143	204,920	146,496	410,735	343,347	1,182,748	1,069,479	1,005,906	1,411,270	1,227,715
Total revenues	59,723,322	63,235,964	66,490,260	69,903,254	68,018,702	69,802,394	68,380,020	70,699,438	71,915,319	72,083,921
Expenditures:										
Current:										
Instruction	33,199,109	36,996,145	38,935,936	42,513,077	39,656,482	39,570,228	41,771,951	41,765,390	42,813,960	43,091,186
Student support services	3,068,423	3,465,383	3,398,918	4,220,304	3,955,435	3,919,397	4,118,082	4,259,160	3,925,523	2,413,503
Instructional support services	1,881,610	2,258,717	2,394,842	2,710,522	2,121,946	2,084,755	2,205,393	1,998,625	2,141,407	1,848,770
General administration	898,761	873,810	857,309	980,411	872,883	694,673	908,345	972,555	1,122,754	964,026
School administration	2,485,394	2,818,025	2,927,868	3,074,288	2,964,923	2,955,482	2,995,354	3,053,698	2,947,060	3,062,375
Operation and maintenance of plant	6,054,197	6,412,916	6,189,837	6,694,590	5,289,981	5,926,274	5,718,185	6,168,075	5,784,833	7,162,348
Central support services	1,668,460	994,562	919,587	1,041,982	783,855	845,223	822,798	901,632	1,178,639	812,842
Student transportation services	1,486,967	1,466,491	1,322,336	1,426,213	1,287,725	1,202,028	1,352,093	1,547,737	1,420,995	1,231,607
Food service operation	2,364,033	2,595,092	2,669,283	2,714,007	2,675,670	2,814,143	2,925,108	3,008,205	3,033,077	2,985,507
Community service operations	106,890	78,912	91,439	107,087	168,897	171,640	127,363	133,609	127,268	206,816
Recreation	1,966,711	2,078,217	2,461,276	2,711,556	2,836,889	2,964,864	2,973,777	3,015,576	2,978,234	2,994,068
Capital Outlay										
Facilities acquisition and construction	43,709	51,039	770,808	2,680,271	445,506	2,159,968	385,953	3,407,328	27,404,330	33,342,792
Debt service:										
Principal	2,564,914	2,744,122	2,717,753	3,143,696	11,069,803	3,813,062	3,526,358	2,655,753	2,970,199	2,684,881
Interest	1,430,304	1,305,894	1,177,729	1,141,758	803,839	443,917	308,225	2,212,392	2,769,491	2,769,508
Total expenditures	59,219,482	64,139,325	66,834,921	75,159,762	74,933,834	69,565,654	70,138,985	75,099,735	100,617,770	105,570,229
Excess (deficiency) of revenues over Expenditures	503,840	(903,361)	(344,661)	(5,256,508)	(6,915,132)	236,740	(1,758,965)	(4,400,297)	(28,702,451)	(33,486,308)

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other financing sources (uses):										
Proceeds from sale of general obligation										
Refunding bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,750,000	\$ 3,300,000	\$ -
Premium on general obligation										
Refunding bonds	-	-	-	-	-	-	-	6,525,822	-	-
Premium from sale of general obligation bonds	-	-	-	-	-	-	-	-	44,550	-
Proceeds from sale of certificates of Participation	-	-	-	1,500,000	-	-	-	-	-	-
Proceeds from capitalized lease obligations	-	-	-	1,549,096	-	-	1,082,232	1,193,376	2,397,774	3,340,292
Payment to refunded bonds escrow agent	-	-	-	-	-	-	-	(1,600,000)	-	-
Transfers in	9,933,011	11,260,615	12,861,135	13,976,501	12,959,209	-	-	-	-	300,000
Transfers out	(9,933,011)	(11,260,615)	(12,861,135)	(13,976,501)	(12,959,209)	-	-	-	-	(300,000)
Total other financing sources (uses)	-	-	-	3,049,096	-	-	1,082,232	67,869,198	5,742,324	3,340,292
Net change in fund balance	503,840	(903,361)	(344,661)	(2,207,412)	(6,915,132)	236,740	(676,733)	63,468,901	(22,960,127)	(30,146,016)
Fund balance, beginning of year	24,116,019	24,619,859	23,716,498	23,371,837	21,164,425	14,249,293	14,486,033	13,809,300	77,278,201	54,318,074
Fund balance, end of year	<u>\$ 24,619,859</u>	<u>\$ 23,716,498</u>	<u>\$ 23,371,837</u>	<u>\$ 21,164,425</u>	<u>\$ 14,249,293</u>	<u>\$ 14,486,033</u>	<u>\$ 13,809,300</u>	<u>\$ 77,278,201</u>	<u>\$ 54,318,074</u>	<u>\$ 24,172,058</u>
Ratio of total debt service expenditures to total non capital expenditures (1)	<u>7.03%</u>	<u>6.45%</u>	<u>5.97%</u>	<u>6.10%</u>	<u>15.88%</u>	<u>6.35%</u>	<u>5.78%</u>	<u>6.96%</u>	<u>8.25%</u>	<u>7.56%</u>

Source: School District Financial Reports.

(1) Debt service expenditures for 2010 includes debt retired through the District's escrow agent of \$7,749,700. Ratio without escrow agent debt service is 5.52%.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY	
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE
2006	234,067,189	1,549,524,791	57,397,607	235,330,189
2007	251,758,814	1,657,991,526	71,037,334	263,569,812
2008	270,178,545	1,779,287,826	79,381,844	294,522,518
2009	284,999,905	1,876,895,374	83,905,254	311,305,274
2010	294,688,482	1,940,700,467	88,163,845	327,105,498
2011	294,894,411	1,943,354,168	88,556,759	328,545,576
2012	297,976,708	1,963,666,506	91,398,158	339,087,166
2013	296,622,010	1,954,739,046	91,188,333	338,308,715
2014	297,228,060	1,958,732,915	86,804,666	322,045,311
2015	294,858,714	1,943,118,925	83,660,057	310,378,811

FISCAL YEAR	UTILITIES		TOTAL ASSESSED VALUE	TOTAL DIRECT TAX RATE	TOTAL ESTIMATED ACTUAL VALUE	RATIO OF TOTAL ASSESSED TO TOTAL ESTIMATED ACTUAL VALUE
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE				
2006	8,082,500	24,489,975	299,547,296	53.97	1,809,344,955	16.6%
2007	8,054,717	24,636,915	330,850,865	51.40	1,946,198,253	17.0%
2008	7,738,870	23,670,804	357,299,259	50.96	2,097,481,148	17.0%
2009	7,814,371	23,901,035	376,719,530	54.12	2,212,101,683	17.0%
2010	8,243,613	25,208,969	391,095,940	58.32	2,293,014,934	17.1%
2011	8,422,396	25,772,532	391,873,566	57.63	2,297,672,276	17.1%
2012	8,566,016	26,181,409	397,940,882	59.31	2,328,935,081	17.1%
2013	8,609,541	26,345,195	396,419,884	60.08	2,319,392,956	17.1%
2014	8,694,827	26,606,171	392,727,553	56.29	2,307,384,397	17.0%
2015	9,711,509	29,717,218	388,230,280	62.156	2,283,214,954	17.0%

Source: The above information was obtained from the office of the Sedgwick County Clerk.

Assessed value is calculated by the appraised value times the state assessment percentage by property class. Property class assessment percentages are set by the State Constitution and cannot be adjusted by the county. Classifications of property are appraised at "market value", i.e., estimated actual value, except for Agricultural Land which is appraised at "use value". Property classes and their assessment percentages are as follows: Residential – 11.5%; Vacant Lots – 12.0%; Not For Profit Organizations – 12.0%; Commercial – 25.0%; Agricultural Improvements – 25.0%; Agricultural Land – 30.0%; and Other Not Elsewhere Classified – 30.0%.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS

FISCAL YEAR	GENERAL FUND	SUPPLE- MENTAL GENERAL FUND	CAPITAL OUTLAY	BOND & INTEREST	RECREATION GENERAL FUND	COMMISSION EMPLOYEE BENEFIT	SPECIAL ASSMT	TOTAL	STATE, COUNTY & OTHER DIST	CITY	TOTAL
2006	20.000	16.234	3.965	7.506	4.850	1.412	-	53.967	32.815	48.176	134.958
2007	20.000	14.782	3.940	5.788	5.504	1.391	-	51.405	32.833	48.155	132.393
2008	20.000	16.786	4.000	6.177	5.589	1.413	-	53.965	33.126	47.756	134.847
2009	20.000	16.771	4.000	6.128	5.589	1.414	.220	54.122	31.368	47.773	133.263
2010	20.000	18.525	6.000	6.578	5.589	1.412	.220	58.324	31.995	47.818	138.137
2011	20.000	19.265	6.000	5.273	5.589	1.412	.092	57.631	31.968	47.340	136.939
2012	20.000	18.297	5.998	7.949	5.587	1.411	.063	59.305	31.987	47.153	138.445
2013	20.000	19.211	5.959	7.897	5.551	1.402	.063	60.083	31.935	47.054	139.072
2014	20.000	15.127	6.014	7.946	5.600	1.415	.192	56.294	32.035	46.790	135.119
2015	20.000	17.897	7.992	7.918	5.581	1.409	1.359	62.156	31.951	47.009	141.116

Source: The above information was obtained from the office of the Sedgwick County Clerk.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS PRIOR**

TAXPAYER	2006 ASSESSED VALUATION	2015 ASSESSED VALUATION	JUNE 30, 2015 % OF TOTAL ASSESSED VALUATION
Spirit Aerosystems Inc	\$ 37,333,716	\$ 53,440,120	13.77%
Mid-Western Aircraft Systems Inc	47,959,446	43,829,509	11.30%
The Boeing Company	20,397,831	36,224,051	9.33%
Kansas Gas & Electric-A Westar Energy Co	3,040,654	4,555,089	1.17%
Derby Marketplace Three LLC	-	4,503,725	1.16%
WalMart Real Estate Business Trust	2,874,205	3,887,650	1.00%
The Greens at Derby	1,713,501	3,500,162	.90%
Dillon Companies	-	2,188,923	.56%
Fairways at Derby LP	-	2,072,991	.53%
Air Capital Flight Line LLC	-	1,873,069	.48%
Chuzzy, Carl Living Trust	2,664,947	-	-
Lowes Home Centers, Inc	2,659,753	-	-
Southwestern Bell Telephone	2,546,625	-	-
Greenberg, Jeffrey S. ETUX	2,356,265	-	-
All Others	<u>176,000,363</u>	<u>232,154,991</u>	<u>59.8%</u>
TOTAL	<u>\$299,547,296</u>	<u>\$ 388,230,280</u>	<u>100%</u>

Source: Provided by Sedgwick County Clerk's Office.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR	TOTAL TAX LEVY (2)	CURRENT TAX COLLECTIONS (2)	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS (1)	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY	TOTAL CURRENT YR OUTSTANDING DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES TO TAX LEVY
2006	15,003,002	14,558,160	97.03%	330,954	14,889,114	99.24%	444,842	2.97%
2007	15,686,660	15,376,829	98.02%	218,024	15,594,853	99.41%	309,831	1.98%
2008	16,496,337	16,207,240	98.25%	182,908	16,390,148	99.36%	289,097	1.75%
2009	18,787,638	18,361,649	97.73%	258,956	18,620,605	99.11%	425,989	2.27%
2010	19,893,495	19,235,085	96.69%	414,153	19,649,238	98.77%	658,410	3.31%
2011	22,278,485	21,613,916	97.02%	229,974	21,843,890	98.05%	664,569	2.98%
2012	22,067,209	21,738,070	98.50%	183,278	21,921,348	99.33%	329,139	1.40%
2013	22,482,841	22,338,881	99.36%	180,700	22,514,581	100.00%	143,960	.64%
2014	23,269,560	22,460,503	96.52%	140,227	22,600,730	97.13%	809,057	3.48%
2015	14,253,668	14,012,474	98.31%	-	14,012,474	98.31%	241,194	1.69%

Source: The above information was obtained from Sedgwick County Treasurer's Office.

(1) County Treasurer's records do not provide a determination of which year the collections in subsequent years is applied to. For this schedule all collections of delinquent taxes are applied to the preceding year.

(2) Excludes tax levy and collections for the General Fund. General Fund tax collections are distributed directly to the State of Kansas by the County Treasurer and then re-distributed to Kansas school districts under the State Aid formula.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
RATIOS OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
TOTAL BONDED DEBT PER CAPITA
NET BONDED DEBT PER PUPIL
LAST TEN YEARS

FISCAL YEAR	POPULA- TION (1)	TOTAL DISTRICT ENROLL- MENT	ASSESSED VALUE	GROSS BONDED DEBT		CAPITAL LEASES AND CERTIFICATES OF PARTICIPATION	UNAMORTIZED PREMIUM ON GENERAL OBLIGATION BONDS	TOTAL DEBT	AMOUNT AVAILABLE FROM DEBT SERVICE FUND	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	TOTAL DEBT PER CAPITA	NET BONDED DEBT PER PUPIL	TOTAL DEBT AS A PERCENTAGE OF PERSONAL INCOME
2006	43,076	6,576	299,547,296	21,840,000	(2)	281,249		22,121,249	3,719,461	18,120,539	6.1%	574	2,756	.12%
2007	43,125	6,556	330,850,865	19,205,000	(2)	172,127		19,377,127	3,658,642	15,546,358	4.7%	449	2,371	.08%
2008	43,556	6,384	357,299,259	16,585,000	(2)	74,374		16,659,374	3,439,822	13,145,178	3.7%	382	2,059	.09%
2009	43,992	6,483	376,719,530	13,765,000	(2)	2,799,774		16,564,774	3,270,419	10,494,581	2.8%	377	1,619	.09%
2010	44,437	6,624	391,095,940	10,745,000		2,359,971		13,104,971	3,118,078	7,626,922	2.0%	295	1,151	.07%
2011	44,500	6,790	391,873,566	7,390,000		1,901,909		9,291,909	2,978,266	4,411,734	1.1%	209	650	.05%
2012	44,525	6,717	397,940,882	4,620,000		2,227,783		6,847,783	2,864,462	1,755,538	0.4%	154	261	.33%
2013	45,860	6,866	396,419,884	63,175,000		2,360,406	6,069,015	71,804,421	3,340,724	68,263,697	17.2%	1,561	9,942	.32%
2014	47,236	6,953	392,727,553	64,820,000		3,442,981	5,652,525	73,915,506	3,497,704	70,417,802	17.9%	1,565	10,128	*
2015	48,653	6,998	388,230,280	63,455,000		5,463,392	5,187,475	74,105,867	4,035,190	70,070,677	18.0%	1,523	10,013	*

Source: The above information was obtained from the Unified School District No. 260 financial records and the office of the Sedgwick County Clerk.

(1) Estimate of district population.

(2) Excludes crossover refunded debt of \$7,610,000.

*Information not available.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
RATIOS OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
AND GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

FISCAL YEAR	PRINCIPAL	INTEREST		TOTAL DEBT SERVICE	GENERAL BONDED DEBT	TOTAL GENERAL EXPENDITURES (1)	RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES	RATIO OF GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
2006	2,470,000	1,131,851	(2)	3,601,851	21,840,000	59,219,782	.06	.37
2007	2,635,000	1,012,151	(2)	3,647,151	19,205,000	64,139,325	.06	.30
2008	2,620,000	891,613	(2)	3,511,613	16,585,000	66,834,921	.05	.25
2009	2,820,000	763,298	(2)	3,583,298	13,765,000	75,159,762	.05	.18
2010	3,020,000	(3) 558,975	(2)	3,578,975	10,745,000	74,933,834	.05	.14
2011	3,355,000	356,295		3,711,295	7,390,000	69,565,654	.05	.11
2012	2,770,000	237,965		3,007,965	4,620,000	70,138,985	.04	.07
2013	3,195,000	2,133,728		5,328,728	71,604,421	75,099,735	.07	.95
2014	1,655,000	2,697,038		4,352,038	73,915,506	100,617,770	.06	.73
2015	2,684,881	2,769,508		5,454,389	74,105,967	105,570,229	.05	.70

Source: The above information was obtained from Unified School District No. 260 financial records.

(1) Includes general, special revenue, debt service and capital project funds of primary government only.

(2) Excludes payments by escrow agent totaling \$114,202 in 2005, \$279,400 in 2006, 2007, 2008, 2009 and \$139,700 in 2010.

(3) Excludes payments by escrow agent totaling \$7,610,000 in 2010.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT COMPARISON
CURRENT YEAR AND NINE YEARS AGO**

GOVERNMENT UNITS	JUNE 30, 2006			JUNE 30, 2015		
	PRINCIPAL AMOUNT OF DEBT OUTSTANDING	% APPLICABLE TO TAXPAYERS OF USD NO 260(1)	TOTAL DIRECT AND OVERLAPPING DEBT	PRINCIPAL AMOUNT OF DEBT OUTSTANDING	% APPLICABLE TO TAXPAYERS OF USD NO 260(1)	TOTAL DIRECT AND OVERLAPPING DEBT
Sedgwick County, KS	\$ 107,310,000	7.90%	\$ 8,477,490	\$ 56,075,000	8.80%	\$ 4,934,600
City of Derby, KS	56,245,000	94.00%	52,870,300	50,805,000	48.83%	24,808,082
City of Wichita, KS	-	-	-	568,570,000	5.33%	30,304,781
Total Other Government Agencies	<u>163,555,000</u>		<u>61,347,790</u>	<u>675,450,000</u>		<u>60,047,463</u>
Unified School District, Derby, KS	<u>21,840,000</u>	100.00%	<u>21,840,000</u>	<u>74,105,867</u>	100.00 %	<u>74,105,867</u>
Total	<u>\$ 185,395,000</u>		<u>\$83,187,790</u>	<u>\$ 749,555,867</u>		<u>\$ 134,153,330</u>

Source: The above information was obtained from the Sedgwick County, Kansas Clerk's Office.

(1) Allocation based on assessed valuation of Derby USD 260 portion of the total assessed valuation for the governmental unit.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2015**

2015 Assessed valuation of taxable tangible property	\$388,230,280
Assessed valuation of motor vehicles	<u>38,997,344</u>
Equalized assessed tangible valuation for computation of bonded debt limit	<u>\$427,227,624</u>
2015 debt limit – 14%	\$ 59,811,867
State Board of Education Exemption Authority	<u>11,259,408</u>
Total legal debt authority	71,071,275
Less: Total bonded debt	<u>63,455,000</u>
Legal additional debt limit	<u><u>\$ 7,616,275</u></u>

Source: Assessed valuation obtained from Sedgwick County Treasurer

KSA 72-6761; 1997 Suppl. establishes authority for USD's to have bonded indebtedness of 14% of their equalized assessed valuation (total assessed valuation plus assessed motor vehicle valuation). USD's may apply to the Kansas State Board of Education to exceed the 14% limitation.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS**

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 46,700,952	\$ 51,278,251	\$ 55,164,757	\$ 51,564,398	\$ 59,964,520	\$ 60,000,592	\$ 60,777,687	\$ 71,970,295	\$ 71,624,084	\$ 71,071,275
Total net debt applicable to limit	<u>21,840,000</u>	<u>19,205,000</u>	<u>16,585,000</u>	<u>13,765,000</u>	<u>10,745,000</u>	<u>7,390,000</u>	<u>4,620,000</u>	<u>63,175,000</u>	<u>64,820,000</u>	<u>63,455,000</u>
Legal Debt Margin	<u>\$ 24,860,952</u>	<u>\$ 32,073,251</u>	<u>\$ 38,579,757</u>	<u>\$ 37,799,398</u>	<u>\$ 49,219,520</u>	<u>\$ 52,610,592</u>	<u>\$ 56,157,687</u>	<u>\$ 8,795,295</u>	<u>\$ 6,804,084</u>	<u>\$ 7,616,275</u>
Total net debt applicable to the limit As a percentage of debt limit	46.77%	37.45%	30.06%	26.69%	17.92%	12.32%	7.6%	87.8%	90.5%	89.3%

Source: Prior year annual reports, Derby Unified School District No 260.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
DEMOGRAPHIC STATISTICS (1)
LAST TEN FISCAL YEARS**

Site (Year Opened 19(XX))	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (3)
Derby High School (93)										
Square Feet	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	351,277	361,608
Capacity (students)	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,234
Enrollment	2,120	2,179	2,116	2,040	1,958	1,831	1,891	1,900	1,916	1,953
Derby Middle School (59)										
Square Feet	179,141	179,141	179,141	179,141	179,141	179,141	179,141	179,141	193,300	195,417
Capacity (students)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	948
Enrollment	1,032	1,004	1,003	987	943	959	966	1,029	1,056	1,029
Derby Sixth Grade Center (52)										
Square Feet	154,627	154,627	154,627	154,627	154,627	154,627	154,627	154,627	154,627	154,627
Capacity (students)	501	501	501	501	501	501	501	501	501	460
Enrollment	518	501	462	487	495	572	512	547	517	557
Alternative High School (54)										
Square Feet	49,349	49,349	49,349	49,349	49,349	49,349	49,349	49,349	49,349	49,349
Capacity (students)	80	80	80	80	80	80	80	80	80	80
Enrollment	-	-	-	-	-	-	-	-	-	-
Carlton Learning Center (92)										
Square Feet	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Capacity (students)	300	300	300	300	300	300	300	300	300	300
Enrollment (2)	-	-	-	-	-	-	-	-	-	-
Cooper Elementary (54)										
Square Feet	39,449	39,449	39,449	39,449	39,449	48,819	48,819	48,819	48,819	48,819
Capacity (students)	304	304	304	304	304	304	304	304	304	388
Enrollment	302	305	281	311	316	309	346	321	348	365
Derby Hills Elementary (85)										
Square Feet	52,800	52,800	52,800	52,800	52,800	52,800	52,800	52,800	59,735	59,735
Capacity (students)	456	456	456	456	456	456	456	456	596	596
Enrollment	369	400	352	386	401	382	415	404	421	430
El Paso Elementary (66)										
Square Feet	53,195	53,195	53,195	53,195	53,195	53,195	53,195	53,195	49,960	49,960
Capacity (students)	456	456	456	456	456	456	456	456	484	484
Enrollment	370	354	381	348	394	411	402	392	425	440
Oaklawn Elementary (55)										
Square Feet	42,957	42,957	42,957	42,957	42,957	42,957	42,957	42,957	49,149	49,149
Capacity (students)	304	304	304	304	304	304	304	304	416	416
Enrollment	212	202	215	232	282	239	205	237	283	282
Park Hill Elementary (2002)										
Square Feet	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	58,110
Capacity (students)	456	456	456	456	456	456	456	456	456	456
Enrollment	353	346	339	345	411	406	379	383	380	370
Pleasantview Elementary (55)										
Square Feet	43,559	43,559	43,559	43,559	43,559	43,559	43,559	43,559	43,559	43,559
Capacity (students)	304	304	304	304	304	304	304	304	304	360
Enrollment	284	289	277	305	338	290	284	280	275	261
Swaney Elementary (55)										
Square Feet	67,645	67,645	67,645	67,645	67,645	67,645	67,645	67,645	64,773	64,773
Capacity (students)	456	456	456	456	456	456	456	456	444	444
Enrollment	312	324	306	307	311	315	313	342	315	304
Tanglewood Elementary (81)										
Square Feet	56,890	56,890	56,890	56,890	56,890	56,890	56,890	56,890	56,890	56,890
Capacity (students)	456	456	456	456	456	456	456	456	456	360
Enrollment	289	287	300	339	361	401	428	634	690	692
Wineteer Elementary (59)										
Square Feet	61,330	61,330	61,330	61,330	61,330	61,330	61,330	61,330	61,330	61,330
Capacity (students)	512	512	512	512	512	512	512	512	512	568
Enrollment	415	400	396	412	414	411	407	447	438	433
Administration Center (63)										
Square Feet	8,901	8,901	8,901	8,901	8,901	8,901	8,901	8,901	8,901	8,901
Educational Support Center (75)										
Square Feet	18,225	18,225	18,225	18,225	18,225	18,225	18,225	18,225	18,225	18,225
Service Center (68)										
Square Feet	31,336	31,336	31,336	31,336	31,336	31,336	31,336	31,336	31,336	31,336

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions.

Source: The above information was obtained from USD No. 260 State Audit and the District Facilities Office.

(1) Based on September 20th head count at district attendance centers.

(2) Carlton Learning Center closed June 30, 2002 with the opening of Park Hill Elementary.

(3) 2015 capacities were adjusted based on a study from an outside consulting group.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Major Employers	Product/Service	2006			2015		
		Employees	Rank	%	Employees	Rank	%
USD #260	Education	1,173	1	44.4%	1,114	1	38.1%
Walmart	Retail Sales	521	2	19.7%	318	3	10.9%
Dillons	Grocery	200	3	7.6%	280	2	9.6%
City of Derby	Government	148	5	5.6%	204	4	7.0%
Lowe's Home Improvement	Retail Sales	200	4	7.6%	140	5	4.8%
Walmart Financial	Insurance Claims	-	-	-	112	6	3.8%
Target	Retail Sales	-	-	-	105	7	3.6%
Derby Health & Rehab, LLC	Health Care	-	-	-	100	9	3.4%
Derby Recreation Commission		-	-	-	99	10	3.3%
Westview Manor	Senior Housing	117	6	4.4%	80	12	2.7%
Derby Family Medical Center	Health Care	60	8	2.3%	75	11	2.6%
Walmart Neighborhood Market	Grocery	-	-	-	70	13	2.4%
Kohl's	Retail Sales	-	-	-	63	14	2.2%
BRG Precision Products	Manufacturing	-	-	-	42	15	1.4%
Q Corporation / Clearwater Engineering	Manufacturing	-	-	-	40	16	1.3%
Verus Bank	Banking	-	-	-	33	17	1.1%
Walgreens	Retail	-	-	-	29	18	1.0%
Hampton Inn	Hotel	-	-	-	18	19	.62%
Data Net	Insurance Claims	115	7	4.3%			
Mid-Continent Controls	Manufacturing	48	9	1.8%			
Family Health Center	Health Care	32	10	1.2%			
ENCO of Kansas	Manufacturing	30	11	1.1%			

Major Restaurant Employers	Product/Service	2006			2015		
		Employees	Rank	%	Employees	Rank	%
McDonald's	Restaurant	105	2	25.3%	100		15.2%
Olive Garden	Restaurant	-	-	-	95		14.5%
Village Inn	Restaurant	90	3	21.7%	65		9.9%
Buffalo Wild Wings	Restaurant	-	-	-	57		8.7%
Rib Crib	Restaurant	65	4	15.7%	51		7.8%
Freddy's Frozen Custard	Restaurant	-	-	-	50		7.6%
Applebees	Restaurant	155	1	37.3%	48		7.3%
Chik-Fil-A	Restaurant	-	-	-	45		6.9%
Panera	Restaurant	-	-	-	32		4.9%
Riverside Café	Restaurant	-	-	-	30		4.6%
Los Cocos	Restaurant	-	-	-	25		3.8%
La Hacienda	Restaurant	-	-	-	25		3.8%
Spangles	Restaurant	-	-	-	23		3.5%
Panda Express	Restaurant	-	-	-	10		1.5%

Source: City Clerk, Derby, Kansas.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
STAFF/STUDENT INFORMATION BY BUILDING
LAST TEN FISCAL YEARS

Site	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Derby High School										
Certified Instructional Staff FTE	108.5	102.9	111.8	110.7	102.7	98.7	98.1	100.8	97.2	110.45
Special Education Instructional FTE	20.2	18.5	19.5	20.0	19.5	18.9	17.3	16.5	16.5	15.8
Certified Non-Instructional Staff FTE	13.0	15.0	14.0	18.5	17.0	16.0	11.0	5.5	5.0	6.0
Enrollment	2,132	2,184	2,123	2,051	1,983	1,842	1,891	1,900	1,916	1,953
Number Free and Reduced Students	521	571	523	584	635	642	695	762	920	893
Percent of Free/Reduced to Total Students	24.4%	24.1%	24.6%	28.5%	32.0%	34.9%	37.0%	40.1%	48.0%	45.7%
Student Teacher Ratio	20:1	21:1	19:1	19:1	19:1	19:1	19:1	19:1	20:1	18:1
Derby Middle School										
Certified Instructional Staff FTE	56.4	58.4	60.4	60.9	56.9	62.5	56.4	58.4	60.4	58.4
Special Education Instructional FTE	13.8	15.6	18.0	17.0	14.0	13.0	13.0	9.0	8.0	8.9
Certified Non-Instructional Staff FTE	6.0	6.0	6.0	6.0	6.0	6.1	5.0	3.3	3.0	3.0
Enrollment	1,033	1,004	1,003	989	947	959	966	1,029	1,056	1,029
Number Free and Reduced Students	323	314	331	331	381	444	452	457	498	506
Percent of Free/Reduced to Total Students	31.3%	31.3%	33.0%	33.5%	40.2%	46.3%	46.8%	44.4%	47.2%	49.2%
Student Teacher Ratio	18:1	17:1	17:1	16:1	17:1	15:1	17:1	18:1	17:1	18:1
Derby Sixth Grade Center										
Certified Instructional Staff FTE	29.4	30.6	31.0	32.5	34.5	34.5	29.5	31.5	33.5	31.52
Special Education Instructional FTE	6.4	8.2	7.0	6.0	4.0	4.0	6.0	5.5	5.5	4.9
Certified Non-Instructional Staff FTE	3.0	3.0	3.0	3.0	3.0	2.5	3.5	2.3	3.0	4.0
Enrollment	518	501	462	487	498	573	512	547	517	557
Number Free and Reduced Students	176	178	130	206	222	229	252	268	255	269
Percent of Free/Reduced to Total Students	34.0%	35.5%	28.1%	43.3%	44.6%	40%	49.3%	48.9%	49.3%	48.3%
Student Teacher Ratio	18:1	16:1	15:1	15:1	14:1	16:1	17:1	17:1	18:1	18:1
Cooper Elementary										
Certified Instructional Staff FTE	25.0	27.7	27.6	28.7	26.5	26.5	25.3	28.4	31.37	29.37
Special Education Instructional FTE	3.5	2.6	3.0	3.0	3.0	3.0	6.2	3.1	3.1	3.0
Certified Non-Instructional Staff FTE	3.6	2.0	2.0	2.0	2.0	1.5	1.5	1.1	1.0	3.0
Enrollment	308	307	285	312	317	309	346	321	348	365
Number Free and Reduced Students	242	272	249	263	294	270	281	283	294	300
Percent of Free/Reduced to Total Students	78.6%	88.6%	87.4%	84.3%	92.74%	87.4%	88.4%	88.2%	84.5%	82.2%
Student Teacher Ratio	12:1	11:1	10:1	11:1	12:1	12:1	13:1	11:1	11:1	12:1
Derby Hills Elementary										
Certified Instructional Staff FTE	21.9	22.8	21.8	21.7	22.1	22.1	21.6	23.7	22.8	23.36
Special Education Instructional FTE	5.8	4.5	4.3	3.9	3.9	3.9	4.7	3.6	3.6	3.0
Certified Non-Instructional Staff FTE	2.0	2.0	2.0	2.0	2.0	1.5	1.5	.9	1.0	2.0
Enrollment	369	400	352	387	402	382	415	404	421	430
Number Free and Reduced Students	59	82	70	95	104	101	133	133	106	142
Percent of Free/Reduced to Total Students	16.0%	20.5%	19.9%	24.6%	25.9%	26.4%	28.0%	32.9%	25.2%	33.0%
Student Teacher Ratio	17:1	17:1	16:1	18:1	18:1	17:1	19:1	17:1	18:1	18:1
EI Paso Elementary										
Certified Instructional Staff FTE	23.2	24.2	25.2	25.7	23.0	23.0	24.5	25.5	26.5	25.54
Special Education Instructional FTE	1.8	1.8	1.2	1.4	2.4	1.9	2.3	2.2	2.2	2.0
Certified Non-Instructional Staff FTE	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.1	1.1	2.5
Enrollment	370	354	382	376	394	411	402	392	425	440
Number Free and Reduced Students	128	106	140	153	174	200	203	203	208	251
Percent of Free/Reduced to Total Students	34.6%	29.9%	36.7%	40.7%	44.2%	48.7%	50.5%	51.8%	48.9%	57.0%
Student Teacher Ratio	16:1	15:1	15:1	15:1	17:1	18:1	16:1	15:1	16:1	17:1

Source: Kansas Department of Education.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
STAFF/STUDENT INFORMATION BY BUILDING
LAST TEN FISCAL YEARS**

Site		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Oaklawn Elementary											
Certified Instructional Staff FTE		20.2	23.1	22.6	20.7	21.6	21.6	21.4	22.0	22.7	22.46
Special Education Instructional FTE		4.0	3.1	3.0	4.0	3.0	4.0	4.2	2.7	3.7	3.2
Certified Non-Instructional Staff FTE		2.9	2.0	2.0	3.0	2.0	1.5	2.5	.9	1.0	3.0
Enrollment		212	202	217	233	289	240	238	237	283	282
Number Free and Reduced Students		178	174	183	195	221	211	205	206	221	254
Percent of Free/Reduced to Total Students		84.0%	86.1%	84.3%	83.7%	76.5%	87.9%	86.1%	86.9%	78.1%	90.1%
Student Teacher Ratio		11:1	9:1	10:1	11:1	13:1	11:1	10:1	11:1	12:1	13:1
Park Hill Elementary											
Certified Instructional Staff FTE	(1)	18.7	20.7	20.2	21.2	21.2	21.1	22.1	24.1	22.1	22.1
Special Education Instructional FTE		6.5	3.6	4.6	2.6	3.4	3.4	2.4	3.6	3.6	2.0
Certified Non-Instructional Staff FTE		2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.3	2.0	3.6
Enrollment		308	346	340	345	411	406	379	383	380	370
Number Free and Reduced Students		60	57	51	49	94	89	82	66	81	84
Percent of Free/Reduced to Total Students		17.0%	16.5%	15.0%	14.2%	22.9%	21.9%	21.9%	17.2%	21.3%	22.7%
Student Teacher Ratio		17:1	19:1	16:1	17:1	19:1	19:1	18:1	17:1	16:1	17:1
Pleasantview Elementary											
Certified Instructional Staff FTE		17.7	19.1	19.2	19.1	20.1	20.1	19.9	19.1	19.1	18.39
Special Education Instructional FTE		3.5	3.5	3.1	2.2	3.7	3.7	1.4	1.7	2.7	1.5
Certified Non-Instructional Staff FTE		2.9	2.0	2.0	2.0	2.0	1.5	1.5	.9	.9	2.0
Enrollment		284	289	278	305	339	290	284	280	275	261
Number Free and Reduced Students		119	115	109	143	172	171	184	181	174	166
Percent of Free/Reduced to Total Students		41.9%	39.8%	39.2%	46.9%	50.7%	59.0%	64.8%	64.6%	63.3%	63.6%
Student Teacher Ratio		16:1	15:1	15:1	16:1	16:1	14:1	14:1	15:1	14:1	14:1
Swaney Elementary											
Certified Instructional Staff FTE		18.0	19.7	19.9	20.1	19.0	19.0	18.4	18.6	18.5	18.39
Special Education Instructional FTE		2.6	4.6	5.4	4.4	5.4	5.4	5.3	5.2	4.2	4.2
Certified Non-Instructional Staff FTE		2.0	2.0	2.0	2.0	2.0	1.5	1.5	.7	.7	2.0
Enrollment		312	324	306	307	311	315	313	342	315	304
Number Free and Reduced Students		114	138	128	135	148	159	153	176	165	144
Percent of Free/Reduced to Total Students		36.5%	42.6%	41.8%	44.0%	47.6%	50.4%	48.9%	51.5%	52.4%	47.4%
Student Teacher Ratio		17:1	16:1	15:1	15:1	16:1	16:1	17:1	18:1	17:1	17:1
Tanglewood Elementary											
Certified Instructional Staff FTE		15.7	16.6	16.8	20.2	20.1	20.1	22.1	22.1	21.1	24.8
Special Education Instructional FTE		5.0	3.6	3.8	3.7	3.7	3.7	4.4	4.6	4.6	4.7
Certified Non-Instructional Staff FTE		2.0	2.0	2.0	2.0	2.0	1.5	1.0	.7	1.0	2.0
Enrollment		290	287	300	340	363	401	428	634	690	692
Number Free and Reduced Students		58	49	61	83	97	129	153	136	151	167
Percent of Free/Reduced to Total Students		20.0%	17.1%	20.3%	24.4%	26.7%	32.2%	35.7%	21.5%	21.9%	24.1%
Student Teacher Ratio		19:1	17:1	18:1	17:1	18:1	19:1	19:1	29:1	33:1	28:1
Wineteer Elementary											
Certified Instructional Staff FTE		26.7	27.3	29.8	31.3	30.8	30.8	26.8	30.3	29.3	29.46
Special Education Instructional FTE		3.1	2.2	3.0	3.2	3.2	3.2	5.5	4.2	5.2	4.0
Certified Non-Instructional Staff FTE		2.6	2.0	2.0	2.0	2.0	1.5	2.0	.9	2.0	1.0
Enrollment		416	400	396	412	417	412	407	447	438	433
Number Free and Reduced Students		153	157	164	178	191	212	219	243	247	245
Percent of Free/Reduced to Total Students		36.8%	39.3%	41.4%	43.2%	45.8%	51.4%	53.8%	54.4%	56.4%	56.6%
Student Teacher Ratio		16:1	16:1	15:1	13:1	13:1	14:1	13:1	15:1	15:1	15:1

Source: Kansas State Department of Education.

(1) Park Hill Elementary opened with the closing of Carlton Learning Center, June 30, 2002.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
MISCELLANEOUS STATISTICS
JUNE 30, 2015

Date of organization	1872
Form of Government	Seven Member Board
Area	50 square miles

Education

Pre-kindergarten through twelfth	172.5 days
Special Education	172.5 days
Vocational Education	172.5 days
English Speakers of Other Languages	172.5 days
Driver Training	Summer School
Summer School	4 weeks

Support Centers

Laundry	1
Warehouse	1
Service Center	1
Maintenance Center	1
Central Kitchen	1
Educational Support Center	1
Administrative Center	1

Athletic Facilities

Stadiums	2
Tennis Courts	2
Baseball Diamond	1
Gymnasiums	5
Track	2

Employees

Administration	39
Certified	516
Classified	486
Bus Drivers	46

Transportation

Buses	70
Vans	29
Trucks	24
Automobiles	2

Source: The above information was obtained from Unified School District No. 260 Business Office.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
OTHER OPERATING STATISTICS
LAST TEN FISCAL YEARS**

YEAR	EXPENSES	ENROLLMENT	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF	PUPIL/ TEACHER RATIO (1)	STUDENT ATTENDANCE PERCENTAGE
2006	60,162,739	6,576	9,148	17.92%	526	13:1	94%
2007	63,564,523	6,556	9,696	5.99%	535	12:1	94%
2008	66,834,921	6,384	10,469	7.97%	539	12:1	94%
2009	75,159,762	6,483	11,593	10.74%	544	12:1	94%
2010	74,933,834	6,624	11,312	(2.4)%	549	12:1	94%
2011	69,565,654	6,790	10,245	(9.1)%	537	13:1	94%
2012	70,138,985	6,717	10,442	1.92%	538	12:1	94%
2013	75,099,735	6,866	10,938	4.75%	545	13:1	94%
2014	100,617,770	6,953	14,471	32.30%	528	13:1	93%
2015	105,570,229	6,998	15,086	4.25%	516	14:1	93%

Source: School District Financial Records.

(1) Enrollment divided by pupil/teacher ratio rounded to the nearest whole number

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	SEDGWICK COUNTY POPULATION	PERSONAL INCOME (1)	PER CAPITA PERSONAL INCOME	SEDGWICK COUNTY UNEMPLOYMENT RATE
2005	466,061 *	16,175,401	35,547	6.0%
2006	470,895 *	18,211,277	38,803	4.9%
2007	469,321 *	22,950,694	38,911	4.4%
2008	476,026 *	19,218,845	38,780	4.3%
2009	485,863 *	19,296,648	39,847	8.7%
2010	490,864 *	18,695,650	39,312	8.8%
2011	494,241 *	19,368,100	38,653	8.0%
2012	498,365 *	20,671,720	41,024	7.0%
2013	503,889 *	21,127,032	41,801	6.4%
2014	505,415 *	(2)	(2)	5.4%
2015	508,803 *	(2)	(2)	(2)

Source: Kansas Statistical Abstract, State of Kansas. All information based on Sedgwick County statistics.

* Designates an estimate

(1) Expressed in thousands of dollars.

(2) 2014 and 2015 information not available at this time.

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Average Teacher's Salary	\$56,180
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UNIFIED SCHOOL DISTRICT NO 260, DERBY KANSAS
MASTER'S TEACHERS SALARIES SCHEDULE AND FTE
BY RANGE AND STEP FOR 2014-15

STEP	M	FTE	M+10	FTE	M+20	FTE	M+30	FTE	M+40	FTE	M+50	FTE	M+60	FTE	Doctorate	FTE
2	43,232	12.0	43,961	1.0	44,542	1.0	45,066	0.0	45,653	0.0	46,177	0.0	46,950	0.0	47,723	0.0
3	44,515	8.0	45,450	5.0	46,090	0.0	46,613	0.0	47,264	1.0	47,788	0.0	48,811	0.0	49,834	0.0
4	45,797	3.0	46,939	3.0	47,636	1.0	48,159	0.0	48,875	3.0	49,398	0.0	50,672	0.0	51,945	1.0
5	47,080	12.0	48,427	3.0	49,183	2.0	49,707	0.0	50,486	1.0	51,009	0.0	52,532	2.0	54,056	0.0
6	48,363	11.0	49,916	11.0	50,730	5.0	51,253	5.0	52,096	2.0	52,620	2.0	54,393	3.0	56,172	1.0
7	49,646	4.0	51,404	9.0	52,277	3.0	52,800	4.0	53,707	1.0	54,230	2.0	56,254	2.0	58,278	0.0
8	50,928	4.0	52,893	5.0	53,823	1.0	54,346	2.0	55,318	6.0	55,841	4.0	58,115	5.0	60,388	0.0
9	52,211	2.0	54,382	4.0	55,370	4.0	55,894	6.0	56,929	4.0	57,452	1.0	59,976	6.0	62,499	0.0
10	53,498	3.0	55,870	4.0	56,917	0.0	57,440	1.0	58,539	2.0	59,063	1.0	61,836	12.0	64,610	0.0
11	55,550	1.0	57,359	1.0	58,464	4.0	58,987	3.0	60,150	3.0	60,674	6.0	63,697	7.0	66,721	0.0
12	57,603	4.0	58,848	2.0	60,010	2.0	60,534	1.0	61,761	2.0	62,284	1.0	65,558	10.0	68,832	0.0
13	58,630	5.0	59,591	1.0	60,781	9.0	61,304	4.0	62,569	9.0	63,086	6.0	66,489	45.0	69,895	1.0
Total FTE by Range:		69.0		49.0		32.0		26.0		34.0		23.0		92.0		3.0
															Total Masters Teachers	286.0

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SINGLE AUDIT SECTION

DERBY UNIFIED SCHOOL DISTRICT NO. 260**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(continued on next page)****Year ended June 30, 2015**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Education:		
Direct programs:		
Impact Aid - School Assistance in Federally Affected Areas	84.041	\$ <u>313,149</u>
U.S. Department of Health and Human Services:		
Direct programs:		
Health Resources and Services Administration – Affordable Care Act (ACA) Grants for School-Based Health Centers Capital Program	93.501	<u>128,164</u>
Passed Through Kansas State Department of Education:		
U.S. Department of Education:		
Elementary and Secondary Education Act:		
Title I Grants to Local Educational Agencies:		
FY 14-15	84.010	817,538
FY 13-14	84.010	106,808
Individuals with Disabilities Education Act, Part B:		
Special Education - Grants to States:		
FY 14-15	84.027	1,249,210
FY 13-14	84.027	50,609
Carl Perkins Vocational Education Act:		
Vocational Education - Basic Grants to States:		
Secondary, Postsecondary and Adult – Title II Part C:		
Program Improvement:		
FY 14-15	84.048	48,115
FY 14-15 (Perkins Reserve Grant)	84.048	12,484
Special Education - Preschool Grants	84.173	23,579
Education for Homeless Children and Youth	84.196	1,000
English Language Acquisition FY 14-15	84.365	59,854
Improving Teacher Quality State Grants – Title II Part A		
FY 14-15	84.367	146,997
FY 13-14	84.367	<u>86,893</u>
Total U.S. Department of Education passed through Kansas State Department of Education		<u>2,603,087</u>
Passed through Kansas Board of Regents:		
Department of Education:		
Carl Perkins Vocational Education Act:		
Vocational Education - Basic Grants to States:		
Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV):		
Career Ready Kansas – Perkins Reserve Funds 14-15	84.048	<u>7,739</u>

DERBY UNIFIED SCHOOL DISTRICT NO. 260**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**
(continued from previous page)

Year ended June 30, 2015

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:		
Passed Through Kansas State Department of Education:		
School Breakfast Program	10.553	\$ 229,497
National School Lunch Program	10.555	1,631,361
Summer Food Service Program for Children	10.559	14,642
Team Nutrition Training – FY 13	10.574	<u>1,050</u>
Total U.S. Department of Agriculture		<u>1,876,550</u>
U.S. Department of Health and Human Services:		
Passed through Kansas State Department of Education:		
Cooperative Agreements to Promote Adolescent Health Through School-Based HIV/STD Prevention and School-Based Surveillance – FY 13	93.079	<u>100</u>
Total Expenditures of Federal Awards		<u>4,928,789</u>
Kansas State Department of Education:		
Parents as Teachers FY 14-15	N/A	127,000
School Food Assistance	N/A	36,044
State Safety Program	N/A	9,486
Technical Education Transportation	N/A	19,972
Kansas Health Foundation – KFIT Program	N/A	90
Kansas Department for Children and Families:		
Passed Through The Opportunity Project Early Learning Centers (TOP Grant #CC-ECBG-2015-09) 1-1-15 to 12-31-15	N/A	<u>43,115</u>
Total Expenditures of State Awards		<u>235,707</u>
Total Expenditures of Federal and State Awards		<u>\$ 5,164,496</u>

Notes to the Schedule of Expenditures of Federal Awards:**1. Basis of Presentation**

This schedule is presented on the modified accrual basis of accounting which is the basis used by the District to present its basic financial statements for governmental funds. Under the modified accrual basis of accounting, expenditures are generally recognized when the fund liability is incurred. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Derby Unified School District No. 260
Derby, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Derby Unified School District No. 260 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Derby Unified School District No. 260's basic financial statements and have issued a report thereon dated December 18, 2015. The financial statements of the Derby Recreation Commission were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Derby Recreation Commission.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Derby Unified School District No. 260's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Derby Unified School District No. 260's internal control. Accordingly, we do not express an opinion on the effectiveness of Derby Unified School District No. 260's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Derby Unified School District No. 260's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Derby Unified School District No. 260's Response to Findings

The Derby Unified School District No. 260's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Derby Unified School District No. 260's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wichita, Kansas
December 18, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Derby Unified School District No. 260
Derby, Kansas

Report on Compliance for Each Major Federal Program

We have audited Derby Unified School District No. 260's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Derby Unified School District No. 260's major federal programs for the year ended June 30, 2015. Derby Unified School District No. 260's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Derby Unified School District No. 260's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Derby Unified School District No. 260's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Derby Unified School District No. 260's compliance.

Opinion on Each Major Federal Program

In our opinion, Derby Unified School District No. 260 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-002. Our opinion on each major federal program is not modified with respect to these matters.

The Derby Unified School District No. 260's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Derby Unified School District No. 260's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Derby Unified School District No. 260 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Derby Unified School District No. 260's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Derby Unified School District No. 260's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "George Bowerman & Noel, P.A.". The signature is written in a cursive, flowing style with a large initial "G" and a distinct "P.A." at the end.

Wichita, Kansas
December 18, 2015

DERBY UNIFIED SCHOOL DISTRICT NO. 260

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued on next page)

Year ended June 30, 2015

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Derby Unified School District No. 260.
2. One significant deficiency relating to the audit of the financial statements is reported in the Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Derby Unified School District No. 260 were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report On Compliance For Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Derby Unified School District No. 260 expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:

<u>Program Name</u>	<u>CFDA No.</u>
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Title I, Part A Cluster:	
Title I Grants to Local Education Agencies	84.010
Special Education Cluster (IDEA):	
Special Education – Grants to States (IDEA, Part B)	84.027
Special Education – Preschool Grants (IDEA Preschool)	84.173
Impact Aid Cluster:	
Impact Aid (Title VIII of ESEA)	84.041

DERBY UNIFIED SCHOOL DISTRICT NO. 260
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued from previous page)

Year ended June 30, 2015

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Derby Unified School District No. 260 was not determined to be a low risk auditee.

Findings – Financial Statement Audit

Significant Deficiency

2015-001 *Condition:* Payroll computations for a District employee have not been correct and payroll withholdings for all employees for taxes, pensions, insurances and other withholdings are not being remitted to the proper agencies on a timely basis.

Criteria: Internal controls should be in place to determine that payroll computations are correct and are being reviewed by supervisory personnel including validation that the payroll withholdings are accurate and that timely remittance of payroll withholdings are being processed by District personnel.

Cause: There are no procedures in place to review certain personnel payroll computations and determine that timely remittance of payroll withholdings are being completed by District personnel.

Effect: Because of the failure to review the status of payroll computations including withholdings, and the remittance thereof, by an appropriate level of management, certain employee wage payments and withholdings have not been computed correctly and are not being timely remitted resulting in penalties related to untimely payments being assessed to the District.

Recommendation: Procedures should be implemented requiring the review of payroll computations and the reporting of payroll tax deposits, pension withholdings, insurance and other withholdings to the appropriate level of management, including the reconciliation of the related amounts in the District's Payroll Tax Withholding Fund.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the recommended procedures are being formulated for immediate implementation.

DERBY UNIFIED SCHOOL DISTRICT NO. 260
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued from previous page)

Year ended June 30, 2015

Findings and Questioned Costs – Major Federal Award Programs Audit

2015-002 Impact Aid – School Assistance in Federally Affected Areas – CFDA 84.041; Impact Aid Number: 26-KS-2016-1713; Grant period – Year ended June 30, 2015

Condition: The Impact Aid Application filed for the 2014—2015 school year improperly reported the “Total State Aid for Children With Disabilities” at Table 7, Item number 3. The original Impact Aid Application reported an amount of \$5,128,471 however; the proper amount that should have been reported was \$4,626,271, a difference of \$502,200.

Criteria: Procedures should be in place to determine that amounts as reported in the Impact Aid Application are accurate.

Cause: The amount reported was the result of adding the amount of state aid for gifted and talented children (\$251,100) instead of reducing total state aid for these resources, as required by the application instructions.

Effect: The error in reporting amounts on the Impact Aid Application may have caused the District to receive excess Impact Aid allocations.

Recommendation: The District should file an amended Impact Aid Application for the 2014-2015 School Year and an individual other than the preparer should review future applications for accuracy.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the District is in the process of amending its Impact Aid Application for the 2014-2015 School Year. In addition, the recommended procedures will be implemented for future applications.

DERBY UNIFIED SCHOOL DISTRICT NO. 260
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2015

Findings – Financial Statement Audit

There were no such findings for the year ended June 30, 2014.

Findings and Questioned Costs – Major Federal Award Programs Audit

There were no such findings for the year ended June 30, 2014.